WEEKEND SEPTEMBER 21/SEPTEMBER 22 1996

Weekend FT

Mapplethorpe: where do we draw the line?



Property – a 12-page supplement



Bush tucker becomes 'native cuisine'



# Swedish budget attacked for lack of job measures

Employers, trade unions and opposition parties attacked Sweden's Social Democratic government for failing to address the country's unem-ployment problem in its annual budget. Finance minister Erik Asbrink stressed that the govern-ment had stabilised public finances faster than expected, but conceded that unemployment of 7.7 per cent was higher than forecast. But he insisted a 4 per cent goal would now be the government's priority. Page 24

British Airways asked a New York judge to dismiss legal action against it by USAIr, in which it has a minority stake, saying the US carrier was seeking to pressure BA to re-negotiate their

EU seeks Emu agreement: European Union finance ministers and central bankers will today meet in Dublin to try to reach agreement on managing currency and budgetary discipline after the planned launch of the single currency in 1999, Page 2

hares slip after quiet expiries The UK stock market FT-SE 100 factor moved within six points of the 4,000 level on the FT-SE 100 index yester-day before suddenly sliding back to finish a busy session 10.2 points off at 3,964.1, having reached s record intraday high of 3,994.1. Expectations that the index would breach the 4,000 barrier were centred on the expiry of the September FT-SE 100 and 250 futures and index options, but the

expiries went off relatively quietly, leaving the Footsie 3.8 points down on the week. Page 21; Bears' growls fail to frighten, Page 8; Markets, Weekend FT Page XX

Boots buys French busin Boots is to buy Laboratoires Lutsia, a French skincare company, for FFr920m (\$181m) as part of a policy of enhancing its over-the-counter healthcare business. Page 6; London stocks,

Yeltsin operation 'very serious': Russian president Box's Yeltsin faces a "very serious" heart operation, the hi ad of the Kremlin m cal centre said. Yeltsin's prolonged stay in hospital is to ensure that problems with other organs do not complicate the surgery. Page 2

Hughes in estellite merger: Rughes Electronics and PanAmSat reached a \$30n agreement to merge their satellite services into a new corporation to exploit the fast-growing space communications market. Page 11

India's donors raise aid to \$7bm India's aid donors raised their combined pledges of assistance to \$7bn for next year. Page 3

Colonial Mutual heads for listing: About 270,000 UK policyholders with Australian life assurance company Colonial Mutual are set to receive shares worth on average more than £1.000 (\$1,560) if Colonial converts to a listed

Canada to fund Cuban sirport project: Canada agreed to finance construction of a C\$35m (US\$25.5m) third terminal at Havana airport. The decision reflects Ottawa's determination to expand commercial ties with Cuba, despite US sanctions. Page 3

Close end to Greek campaign: Greece's socialist prime minister Costas Simitis is under 2 percentage points ahead of his conservative rival in a general election campaign that ends with the vote tomorrow. Page 2

'Over 100%' turnout for Bosnia poli: An independent monitoring agency calculated the turnout for Bosnia's first postwar poll at 103.9

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Companies in t	his issue
Atlas Converting	6 Lloyds Bank
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Goldsborough	. 6 USAIr
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Laboratoires Lutsia	6 Yates Bros Wine
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# Fischler attacks Brittan over news reports on BSE

Mr Franz Fischler, European agriculture commissioner, yes-terday attacked Sir Leon Brittan, commissioner for trade. over his attempts to influence UK press coverage of the BSE

In a scathing letter, Mr Fischler rebuked Sir Leon, a former UK cabinet minister, for press briefings by his staff on Wednesday which led to media reports suggesting the government had won a "reprieve" from the Commission. He suggested that Sir Leon was acting like a "white knight" to aid the government.

Reports in UK newspapers the next day suggested that the Commission had softened its position by agreeing to reexamine evidence from Oxford scientists that the planned cull of more than 125,000 cattle was

The reports included comments said to have been made by Mr Fischler at a meeting of commissioners - normally considered closed-door affairs. "The stance you took with the UK press, apart from suffering from a certain lack of solidarfrom a certain lack of solidar-ity, is more likely to be count-British cabinet ditched plans

Trade commissioner accused of acting as 'white knight'

er-productive in terms of UK/ EU relations than to clear the air, because it raises expectations that neither the Council [of ministers] nor the Commis-sion can meet," the letter said. Mr Fischler defended his role in the BSE or mad cow affair. "After what I have done to help find an honourable solution on BSE I cannot accept that the Commission's position be distorted as it was and that I be seen (together with the President [Jacques Santer]) as reluctant to help the UK and ready to cave in to pressure from a white knight coming to the UK govern-

EU officials denied the row would have implications for the Commission's BSE policy. "This is simply a spat between Commissioners," one said. "In a Commission of 20 Sir Leon is admired as a brilliant lone ranger. But you have to have a few friends around. He forgets that sometimes".

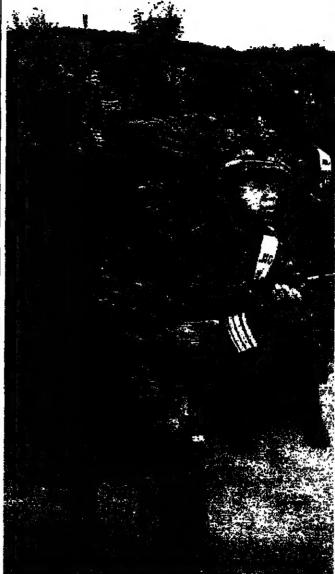
to kill more than 125,000 cattle deemed most at risk from BSE - a condition agreed with the EU for lifting the ban on British beef exports. The cabinet used the Oxford report to jus-

tify abandoning the cull. The reports also coincided with an attack on Eurosceptics by former Tory cabinet members led by Sir Ted Heath, a former prime minister. The group included Sir Leon.

Mr Fischler dismissed sug gestions in the media that he had "bowed to pressure from a senior British Commissioner to send the Oxford study to the EU's vets" and "inferences that a new compromise might

yet by possible". Mr Fischler said the Oxford report, which Britain used to justify its decision on the cull, had gone to EU vets two weeks ago. He said other recent evidence that BSE could be transmitted from cow to calf would prompt calls for a larger rather than smaller cull.

Vow to keep beef ban, Page 4



Manhunt: South Korean soldiers search for North Korean troops who landed by submarine. Seoul has asked the United Nations to condemn the incursion. Report, Page 24

# **Barings** attempted to track Leeson's trades

Confidential transcripts of telephone conversations inside the UK erchant bank Barings in the final days before it collapsed reveal a last-ditch effort by a senior manager to pene trate the mystery of Mr Nick Leeson's trading.

Mr Diarmaid Kelly called Mr Ron Baker, head of derivatives at Barings, a week before the collapse last year to press him over rumours that Barings was about to fail because of the huge volume of derivatives trading by Mr Leeson.

During the conversation



The Fall of Barings Hurtling towards the abyss BARINGS Weekend XVII

routinely recorded by Barings. Mr Kelly inadvertently identified the key weakness in Bar-ings' internal controls that was to lead to it collapsing with losses of £830m (\$1.3m) amassed by Mr Leeson.

On the day of the convers tion - February 17, 1995 - Mr Leeson had lost about £470m of Barings' money. The remain-Barings' money. The remaining £360m was gambled away by Mr Leeson over the next few days in an effort to recoup his losses.

Although Barings was already in effect bankrupt — since it only had equity of

£308m - the investments of bondholders who had lent £100m to the merchant bank might have been saved if Mr eeson's deception had been halted immediately.

Mr Kelly pressed Mr Baker to tell him the identify of Mr Leeson's mystery customer for whom he was apparently buy-ing futures. In fact, the

Continued on Page 24

# Russia warns Nato on expansion plans

By Bruce Clark in London

Russia yesterday warned Nato that any extension of the military structure of the Atlantic alliance towards its own western frontier would be be "absolutaly unacceptable".

Mr Yevgeny Primakov, Rus- next summer. hint that Moscow was prepared to negotiate with Nato over its expension plans as

Nato is widely expected to embrace at least three new members - Poland, Hungary and the Czech republic - by the end of the century, after setting a firm timetable at a meeting of western leaders

sian foreign minister, balanced Mr Primakov's warning his tough message with a came at a meeting in Vienna of Mr Primakov's warning the Organisation for Security and Co-operation in Europe (OSCE), shortly before meeting

retary-general who has overseen the alliance's plan to enlarge.

Diplomats said the Russian minister's speech amounted to Moscow's opening gambit in a tough autumn of negotiations over European security which will culminate in an OSCE summit in Lisbon in December.

"Russia finds its absolutely unacceptable that Nato's military infrastructure should come closer to its territory," Mr Primakov said, underlining Moscow's fear of closer military links between its former satellites and the western bloc. He said Nato's expansion

would lead to new dividing lines in Europe, creating a danger of a "collapse in the architecture of security and co-operation" in the continent.

Mr Primakov said the OSCE, a loose association of 58

nations including most of Europe, plus the US, Canada and the former Soviet republies, must have a "central function" in a new pan-European security system.

Nato, in a concession to Russia, has offered to upgrade the OSCE but it insists that the 16-member North Atlantic alliance will remain the most important security organisation

Continued on Page 24

### OPENING DOORS to success

There is no greater endorsement of a successful management team than a public flotation. CVC deals have an enviable record in this respect. To date more than 30 have gone public with a combined value in excess of £4 billion. Recent flotations such as Belhaven Brewery Group PLC, Toolex Alpha, and Victrex PLC confirm the continuing success of CVC-backed managers.

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# Kremlin moves into car sales to pay off bonds

By Chrystia Freeland

The Kremlin is about to enter the car dealership business to pay off nearly \$4bm of government bonds.

Bearers of special "consumer goods bonds" will be able to trade their wrinkled certificates for shiny new Moskvich vehicles from the troubled carmaker's Moscow

ssembly line. Issued by cash-strapped govthe Soviet Union and the first months of the current Russian regime, the securities promised future access to a variety of consumer goods which, at the time, were scarce.

These goods ranged from refrigerators to cars and the

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New York: lunchtime

to lure workers to jobs in the inhospitable far north or as a cash-surrogate to pay for crops in 1990 and 1991.

By redeeming the bonds, worth Rbs20,000bn (\$3.8bn), with this ambitious new scheme approved by the cabi-net, the Kremlin hopes to bol-ster sometimes shaky public confidence in the reliability of government securities.

Traumatic rouble devaluations and a proliferation of ernments in the dying days of failed pyramid investment schemes over the past five years have made Russians so wary of state-issued paper that even the national currency is regularly buffeted by rumours of imminent mone-

tary reform:

scheme was used as incentive offers the government a way of kick-starting AZLK, the Moscow carmaker which produces the Moskvich. Even by the long-suffering

standards of buyers of domes tically produced vehicles, the Moskvich has a poor reputa-Tepid demand has forced a

shutdown at AZLK for most of this year, but the government is reluctant to close permanently one of Russia's best known carmakers, whose strategic location in the country's capital could turn its formal bankruptcy into a national

Anthorities hope the cars-for-bonds exchange will revive

Continued on Page 24 Yeltsin's health, Page 2

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# EU seeks Emu sanctions blueprint

By Lione! Barber in Dublin

European Union finance ministers and central bankers will today try to reach agreement on a blueprint for managing currency and budgetary discipline after the planned launch of the single currency in

Negotiations in Dublin will centre on how far to meet German demands for tough sanctions against countries which fail to keep public spending under control once the single currency - the euro

Mr Ruairi Quinn, the Irish finance minister, who will chair today's meeting, was said to be

markets the timetable for economic and monetary union remains on

The European Commission will boost confidence today with news that economic growth is picking up across the EU. Mr Yves-Thibault de Silguy. EU monetary affairs commissioner, said growth in the first half was running at an annualised I per cent, accelerating as a result of a "locomotive" effect from the northern European economies led by Germany.

Faster growth would strengthen member states' chances of meeting

cautiously optimistic about a broad public deficits of 3 per cent per reserved final judgment. deal. This would reassure financial cent of GDP in 1997. Fears about an over

draft budget for 1997 that it would hit the target - but only thanks to one-off payment of FFr87bn (\$7.3bn) from France Télécom to the government covering future pensions liabilities. The sum is equal to about 0.5 per cent of GDP. The creative accounting has

prompted unease in the German government, but is unlikely to be raised at the Dublin meeting, according to Irish officials.

The European Commission has said that the French government the Maastricht treaty target for accepted accounting rules, but has

Fears about an over-flexible This week, France said in its interpretation of Maastricht are increasing German pressure for budgetary discipline after monetary union. Mr Theo Waigel, Ger-man finance minister and architect of the so-called Stability Pact, wants automatic penalties against fiscal delinquents within a timetable of six months. But his demands seem too tough to swallow for other countries.

Ministers will also discuss a new model Exchange Rate Mechanism to manage relations between the countries left out of the future euro appears to meet internationally area and also between these "outs"

intervention which "outs" can expect from the future European central bank

At British insistence, membership of the new ERM will be voluntary. But Mr Kennath Clarke, UK. Chancellor (finance minister), may face a tricky debate today on the legal status of the euro. Britain is demanding equal treatment regarding the continuity of contracts in UK law, if it exercises its right to stay out of the single currency area. But some delegations are wary of offering special rights to the UK, which continues to brandish its opt-out.

# **Bosnia** voter turnout 'was 103.9%

By Laure Silber in Sarajevo

The international organisers of Bosuia's first post-war poll were having trouble yesterday accounting for a huge voter turnout which an independent monitoring agency

called "impossibly high". The International Crisis Group (ICG), a respected independent agency, yesterday said 2.43m voters cast ballots in the general elec-tion last Saturday but the maximum number of voters should have been 2.34m.

Voter turn-out was 103.9 per cent, according to ICG's calculations.

The Organisation for Security and Co-operation in Europe (OSCE), which oversaw the Bosnian elections, said voter turnout was 82 per cent. It said 8.8 per cent of the ballots were invalidated in Republika Srpska, the Bosnian Serb entity, and 4 per cent in the Moslem-Croat federation, with particularly high figures in sensi-

Before the elections, the OSCE estimated 2.9m Bosnians would be eligible to vote, but it had been difficult to give a precise figure. "Our directors of refugee and voter registration are looking into these allega-tions by the ICG," said Ms Nicole Szulc, acting OSCE spokeswoman. "We do not we check the figures. We take these allegations very seriously. But it would be highly unusual to have such a huge gap - indicating an organised conspiracy," she

Municipal elections, also set for September 14, were postponed until late November because of flagrant manipulation by Serb authorities of the registra-

tion of refugee voters.

The OSCE is due to certify the election results next week. As part of efforts to cement a lasting peace in the region, President Allia Izetbegovic, the newly elected chairman of Bosnia's rotating presidency, will meet President Slobodan Milosevic of Serbia in Paris on

International mediators are hoping the two countries will establish full diplomatic relations. Bosnia and Yugoslavia, the latter now com-prising Serbia and Montenegro, are the only states to emerge from the ruins of former Yugoslavia who have not established full diplomatic relations, but Mr Miloscvic so far has refused to recognise Bosnia unless it drops genocide charges against Yugoslavia at the International Court of Justice in The Hague. Uncertain future, Page 9

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# Socialist party struggles to stay ahead of conservative rival

# Greeks hand no poll gift to Pasok

r Costas Simitis. Greece's Socialist prime minister, is still struggling to stay ahead of his conservative rival in an increasingly strident general election campaign that ends with the vote tomor-

Opinion polls give the Panbellenic Socialist Movement a lead of less than two percentage points, with an unusually high proportion of undecided voters for a campaign's final days. The polls indicated that both Pasok and the conservative New Democracy party, led by Mr Miltiades Evert, were losing votes to a group of small parties which together are forecast to win some 20 per cent of the vote.

However, a hung parliament is unlikely, as Greece's proportional election system is designed to give an outright majority to the frontrunning party, even if it finishes only one percentage point ahead.

Mr Simitis appeared to be elying on last night's mass rally in central Athens, complete with firecrackers, coloured flares and tens of thousands of Pasok supporters bussed in from the provinces, to push him back into

Yet many Pasok candidates have already stopped making speeches and are hosting parties in the hope voters. Mr Antonis Vgontzas, Greece's twin priorities of

a Pasok candidate in the fiercely contested Athens Beta constituency, wound up his campaign by inviting supporters to a moonlit reception on a cruise ship.

Mr Vgontzas, clutching a drink while one of Greece's best-known popular composers serenaded hundreds of well-dressed guests, said: "I've been trying everything I can think of to get people interested, from a mailshot aimed at new voters to a site on the internet to encourage Greeks abroad to vote."

Early predictions that Mr Simitis would coast back for a new four-year term with Pasok holding a sizeable majority in the 300-seat parliament soon proved mistaken. Analysts at first blamed Mr Simitis's lacklustre image compared with that of his predecessor, the late Andreas Papandreou. and his preference for a televised campaign based on debates and interviews rather than traditional ral-

As it became clear that Greek voters, especially in rural areas, still enjoy passionate rhetoric and a chance to shake hands with a party leader, Mr Simitis switched tactics. He started touring the provinces and dropped his polite professorial tones, even referring to Mr Evert by his nickname of "Hondros" (Fatty).

However, urban voters claim they are bored with joining the European monetary union early next century and out-manoeuvring Turkey in the feud over control of the Aegean sea will remain the same, regardless

of which party holds power.

Mr Simitis has had to fight off damaging accusations off with Turkey over the Imia islets last January, thereby encouraging Ankara to question Greek sovereignty over more than 100 small islands.

Still, Mr Evert has been unable to consolidate his advantage, largely because Greek businessmen are suspicious of his populist economic policies. He is also being undermined on the campaign trail by Mr Constantine Mitsotakis, a former conservative prime minister who is keen to promote his daughter, Mrs Dora Bakoyannis, as the future leader of New Democracy. Pasok is expected to lose

most votes not to the conservatives but to the Democratic Renewal Movement (Dikki), a leftwing splinter group that appeals to Socialists nostalgic for the freespending 1980s. Its leader, Mr Dimitris Tsovolas, a former finance minister, comforts them by contradicting Pasok's current policies, asserting that the public sector must expand, small businesses should be subsidised and EU funds used to create thousands of new jobs in the



Greek PM Costas Simitis: strident campaign

speaker, also benefits from being considered the victim of a conspiracy to discredit Pasok by the Mitsotakis government. He was convicted on breach of trust charges for involvement in a \$200m embezzlement scandal at the Bank of Crete, in which stolen funds supposedly ended up in Pasok's coffers.

Other fringe parties such as the Greek communists, Mr Tsovolas, a colourful and the ex-communist Syn-

to win at least 3 per cent of the vote nationwide and qualify for seats in parliament at Pasok's expense. But New Democracy's vote

will also be dented by a rightwing splinter group. The nationalist Political Spring, led by Mr Antonis Samaras, a former foreign minister, is popular with young conservatives who

# Tough election fight DHL dilemma for Armenian leader for France

By Sander Thoenes

Armenia's president faces an unexpectedly strong challenge in an election tomorrow, but unlike contenders in similar parts of the former Soviet Union, his rival is not communist

Mr Levon Ter-Petrosian, elected on a surge of nationalist and anti-communist sentiment five years ago, is likely easily to defeat two challengers, the former security adviser and a stalwart Communist party leader. But Mr Vazgen Manukian, his former friend and prime minister, and a capitalist. will be a tougher opponent. Mr Ter-Petrosian has pushed through some of the more drastic market reforms implemented in the former Soviet Union, producing low

inflation and economic growth this year despite a trade blockade imposed by neighbouring Turkey and

Azeri territory.
While the pain of such reforms has revived nostalgia for communism in most former Soviet republics, Mr Manukian promises to ease the pain with social spending, without any intention of turning back the clock. Opinion polls are unrelia-

ble, but he appears to have risen to a close second or even first since three other candidates from leftwing and nationalist movements dropped out in his favour this week. Mr Manukian yesterday predicted he would win the support of 60 per cent of Armenia's 24m eligible voters. "Things have changed drastically in the past few days," he said. "It's clear that the people have great hopes in the opposition. People want to live bet-

Mr Gerard Libaridian, senior adviser to the president, acknowledged that uni-fication of the opposition

Mr Ter-Petrosian has his back in recent days with scare tactics, predicting anything from economic collapse to renewed fighting with Azerbaijan if he were to lose. He hit a sore spot by accusing Mr Manukian of populism for promising to raise Armenia's pitiful wages tenfold in the next

five years. The two candidates differ over little else, both favouring privatisation, foreign investment and peace negoti-ations with Azerbaijan. Parliamentary elections

last year were dismissed as unfair by international monitors, who reported intimidation of candidates, misinformation spread by the envernment and a ban on a big opposition party. That ban still stands but as a second tainted vote could jeop-ardise international aid. which paid for more than a third of this year's budget, many predict Mr Ter-Petro-

By David Buchan in Paris

Sleep or jobs - this is the dilemma that has faced a number of French cities considering whether to allow DHL, the US air freight company, to set up a mini-hub in France for night flights.

Strasbourg chose sleep. The US company had decided that the capital of Alsace was the best place from which to serve eastern France, part of Germany and Switzerland. The plan, which would have created 1,100 jobs by 2000, had had the enthusiastic support of the local chamber of commerce, which runs the Strasbourg-Entzheim airport

But local opposition to DHL's plan to operate 17 complete flights, or 34 flight movements, a night grew steadily, causing the mayor and local politicians to back away. It culminated last veekend in a march through the city by 15,000 demonstraand DHL conceded defeat. But this has galvanised

into action other regions, putting jobs above peaceful dreams. The regional council of Lorraine vesterday took full-page advertisements in national newspapers declaring: "The people of Lorraine say welcome to DHL because for them the prime quality of life is to have work

From further south, seven cities in the Rhône-Alpes region yesterday issued a joint communique making a pitch for DHL to base itself at the Satolas airport, east of Lyons. Mr Charles Millon. president of the Rhone-Alpes regional council as well as defence minister, said he would press the matter in

DHL said the company had received other offers and would review them all, but would need two to three months to choose an alternative to Strasbourg. "The noise levels of all our planes

### tors, protesting "DHL - meet or are below European sleep-stealer". This week norms," it said. "But we Azerbaijan in reprisal for had surprised the governwill try to avoid out-Armenia's occupation of ment. right vote-rigging. even the chamber withdrew, don't operate gliders." Cries of 'foul' over TV football

### Angry Spanish soccer widows seek to blow the whistle on their menfolk

By Tom Burns in Madrid

The battle for control of Spain's television is being fought on the playing fields of its star-studded football

The first serious engagement has taken the form of legal action initiated yesterday by Canal Plus controlled by Prisa, the domestic media giant against Antena Tres, a network managed by the Zeta publishing group, based

in Barcelona. in a nation that is football mad and has television for its prime leisure activity, the issue of whose cameras film what matches is vital to an industry that is moving fast

towards big investments in digital and cable TV. The suit by Canal Plus, a

pay TV channel which is 25 per cent owned by Canal Plus France, alleges that Antena Tres used unfair means to break the virtual monopoly it held over first division matches.

Sunday soccer broadcast by Canal Plus is estimated to account for more than 70 per cent of the channel's subscribers, and any weakening of its grip on the game could affect its ambitions, unveiled earlier this month, to bring digital television via satellite to Spain in association with DirecTV of the US and

Divtel of Venezuela.

The action had been widely expected after a series of multi-million peseta deals, estimated to be worth Pta19bn (\$152m), that Antena Tres had struck with top clubs and with Spain's professional football

Antena Tres, which has, like Canal Phis, begun to invest in cable TV, is also now seeking an entry into the digital industry, possibly in association with the state-owned television networks and Mexico's

federation before the season

The upshot of the Antena Tres foray into football was that Barcelona, Real Madrid and other teams backed by

legious of fans rescheduled a number of weekend matches during the season to prime time on Mondays, the slot chosen by Antena Tres for its soccer TV.

The launch of Monday TV football has brought with it a number of tangential battles. One has involved bars and restaurants that have threatened to boycott food and drink companies advertising during TV matches because stay-athome football fanatics are costing the sector some Ptal?0bn a year in wine and tapas no longer being

Another has centred around assertive, fed-up-with-football women

who are organising self-help associations around the country to organise cultural activities to compensate for the loss of family life. Already last season a total of 944 football matches were broadcast on Spanish networks, 599 of them live.

Rich clubs which reached deep into their pockets to sign up stars and sought to regain the money from Antena Tres are under attack from not so rich clubs which have been left out of the Monday match deal. Barcelona and Real Madrid have splashed out Pta4.8bn and Pta4.2bn respectively on new players and both have secured Pta3hn contracts. from Antena Tres.

INTERNATIONAL NEWS DIGEST

# Yeltsin hospital stay extended

Russian President Boris Yeltsin faces a "very serious" operation, Kremlin doctors said yesterday, as it emerged that he would stay in hospital for another "three or four" days. Mr Sergei Mironov, head of the presidential health centre, denied rumours that Mr Yeltsin's poor health makes him unfit for his planned heart bypass operation, a date for which will be set on September 25.

Mr. Mironov said doctors wanted to make sure "no mistakes" are made. The long stay in hospital was to ensure that problems with other organs did not

complicate the surgery.

Mr Yeltsin had been scheduled to leave hospital a week ago and the third extension fuelled speculation that the Kremlin might not be forthcoming about the Russian leader's health. Mr Michael DeBakey, a US heart surgeon, will be brought in for consultation.

The operation itself will be performed by a Russian. probably Mr Renat Akchurin, Russia's best-known heart
Matthew Kaminski, Moscow

### Thai no-confidence vote today

The Thai parliament is due to vote today on a no-confidence motion against the prime minister. Mr Banharn Silpa-archa, after three days of debate that featured a wave of allegations that nevertheless appear to have left Mr Benham's six-party coalition intact. Mr Banharn defended himself against opposition claims that he was not a That-born national by producing immigration documents that showed his father arrived in Thailand from China in 1907. The opposition produced a

copy of the same document which said Mr Banharu's father did not arrive in Thailand until 1937, live years after Mr Banharn was born. Only Thai-born citizens can Ted Bardacke, Bangkak stand for public office.

### Australian's China trip on

General John Baker, Australia's chief of staff, is to go ahead with a visit to China later this month despite the row over the Dalai Lama's visit to Australia. Mr Alesander Downer, Australia's foreign minister, said in London that China had given no indication that it wanted to cancel the meeting, which is part of an effort to step up bilateral contacts on regional security matters. China has threatened trade sanctions against Australia because of the Dalai Lama's visit, which may include a meeting with the prime minister, Mr John Howard. Mr Downer met the Tibetan spiritual leader privately before departing on his current European trip. Peter Montagnon, Asia Editor.

### Japan music copyright reform

The Japanese government is to reform its rules governing the intellectual property rights of the music recording industry to bring them in line with those of the US and EU. The move comes after the US and EU complained to the World Trade Organisation earlier this year that Japan's copyright rules for recorded music breached

internationally agreed intellectual property rights.
The US and EU had initiated dispute settlement proceedings at the WTO on the grounds that Japanese copyright protection for recording musicians and companies, known as neighbouring rights, which is retroactive only to 1971, breaches a 1993 international agreement which came into effect in January. The US and EU extend neighbouring rights back to 1946.

Japan is the second largest market for recorded music, after the US, with a market value in 1994 of \$5.93bn, or 17 per cent of the \$35.5bn global music market, according to the International Federation of the Phonographic Michiyo Nakamoto, Tokwo Industry.



Singapore announced yesterday that its non-oil exports fell 6.3 per cent to S\$7.01bn (US\$5bn) in August as the island republic continued to suffer from a slump in global electronics demand. The decline in non-oil exports, which are regarded as the key barometer of trade performance, compared with a 6.3 per cent year-on-year rise in July and a 6.1 per cent fall in June. Analysts said the August figures confirmed the economy's

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rulnerability to the softening demand for electronics. Total trade in August reached S\$28.66bn, down 6.5 per cent from a year earlier. It was also substantially lower than the total trade of \$\$30.83bn in the month before and \$\$29.15bn in June. James Kynge, Kuala Lumpus Singapore is to join the World Trade Organisation's government procurement code in a move that will open its US\$13.1bn procurement market to international competition. Approving Singapore's membership application yesterday, the WTO committee on government procurement said it hoped other countries in

### Cote d'Ivoire oil deal signed

south-east Asia would follow in joining the voluntary

More evidence of growing international interest in oil prospects off the west coast of Africa emerged yesterday when a new production-sharing contract was signed to explore in deep water off Cote d'Ivoire. United Meridian, s US energy company, and Shell Exploration Africa signed an agreement covering a 512,000 acre block known as Entents, which lies in water depths of 500-2,000 metres.

It is the first deep-water exploration block to be awarded by the Abidjan government. The country now has just two producing fields, with a combined output of just 16,000 b/d. A growing number of western oil companies has been attracted to the deep water off Africa's west coast, where several large discoveries have recently been made. Robert Corzine, London

# No third term for Rafsanjani

Ayatollah Ali Khamenei, Iran's spiritual leader, appeared yesterday to have put an end to speculation in Tebran that the country's constitution might be amended to allow President Ali Akhar Rafsanjani to run for a third term in office after his current term expires in eight months' time. "Mr Rafsanjani's presence would be most valuable when he will take up other responsibilities at the and of his presidential term of office, \* said Ayatollah Khamenei. The statement opens the race to the two main Islamic factions in the government, each determined to hold the top executive post. Mr Rafsanjani has repeatedly said he is not interested in changing the constitution just to allow him to run again

Kasra Naji, Tehran Mr Morteza Bhutto, the estranged brother of the Pakistani prime minister, Ms Benazir Bhutto, was seriously injured in a gunfight with police in Karachi last night, hospital sources said.

■ Three Egyptian militants were convicted and sentenced to death yesterday for the attempted assassination of Egyptian President Hosni Muharak, FANA radio reported

### **NEWS:** INTERNATIONAL

# Donors increase aid for India to \$7bn | Aid to pave

By Mark Nicholson in New Delhi

India's bilateral and multilateral aid donors have raised their combined pledges of assistance to \$7bn for next year, praising the country's sustained economic growth and reforms but expressing concern over fiscal discipline and the country's relatively high tar-

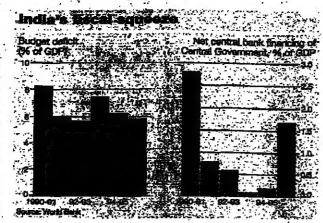
The pledges, made at an annual donors' meeting in Tokyo, mark a small rise on last year's commitment of \$6.8bn - though actual disbursements this fiscal year of \$3.3bn are expected to be exceeded by repayments of \$3.8bn.

Mr Montek Singh Ahluwalia, senior finance ministry official, said the government was "very pleased" with the aid commitments, which he added, met "our expectations as far as managing the bal-ance of payments".

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commitment of Y135bn per cent of GDP last year. He

biggest donor, offering commitments of \$2.5m for next year - said a total \$6.6bm had been pledged, with an additional \$400m available at commercial rates. A third of the former total commised concessional loans, the remainder official development assistance. Japan's

The World Bank - India's (\$1.2bb) made it India's big gest bilateral donor for the ninth successive year.

Mr Ahluwalia said donors had urged India to press ahead with an unfinished agenda of liberalising reforms, which India undertook in 1991, raising particular concern about the gov-ernment's fiscal deficit - 5.9

India's three-month-old coalition government . had cutting the gap, to a targetted 5 per cent of GDP this

A World Bank report issued before the donor meeting cited the fiscal gap as "the most important threat" to economic growth rates now running at 6.5 to 7 per cent and argued that meaningful fiscal adjustment has yet to take place". It said that without sharper adjustment, "India will be in a debt trap" and "not be able to maintain the current mix low inflation and rela-

tively high growth". Senior Indian officials said this week that present government revenues were in line with projections, notwithstanding recent datashowing a slowdown in export and import growth and falls in both industrial

said there was "no difference output and investment; of perception; there", saying trends the government and many economists attribute to a recent but easing liquidplaced a "high priority" on ity squeeze, high interest rates and infrastructural problems.

Mr Ahluwalia said he was "reasonably confident" of reaching the 5 per cent fiscal deficit target, but admitted that a public disinvestment programme slated to raise Rs50bn (\$1.4bn) by next March was delayed and would probably start only in January, five months late. Failure to raise the bulk of the expected Rs50bn would, one senior official conceded earlier this week, leave a "big hole" in government

He also said the government was not unduly perturbed by a strong recent dip in export growth rates, which hit a 42-month low of 6 per cent year-on-year in July, nor currently high

would ease. Lower export growth, he said, reflected a comparison with particularly high rates this time last year, arguing the same to be true of comparative rates of industrial output growth. April-July exports growth this year of 12 per cent is well below targets of 20 per cent.

"I wouldn't conclude from a three-month picture that there is any real slowdown in exports," he said. Mr Ahluwalia also

addressed donor concern over Indian tariff rates which the Bank report said "still remain among the world's highest". "Our declared policy is to bring the tariffs, within the next few years, down to the level prevailing in comparable developing countries," he said, adding that present average rates of 19 per cent would "probably come down to half that level" in a few

ical, a Toronto-based pharmaceuticals group whose

main business is on the

island, said it was close to

launching an international

duced by the island's state-

is one of the biggest foreign

investors in Cuba. Sherritt is

among the chief targets of

the Helms-Burton law. US

authorities claim that Sher

ritt's stake in nickel mines

and processing facilities in

products

ada and the UK.

Cuba granted York

tion of the civil war. They are also prepared to make millions of dollars in bonus payments to the various factions in Afghanistan. but only in the form of humanitarian aid whose distribution will be overseen by a non-governmental aid

Unocal, the Los Angelesbased oil company, and Delta Oil, a private Saudi Arabian group, say all the country's factions, including the fundamentalist Taliban

licences earlier this year to test and market human and movement, have expressed veterinary medicines prosupport for the project. "Its the one thing they do all agree on," says Mr Marty

Canadian biotechnology cenform the "pipeline council", with representatives from all res, and training of Cubans to develop and market the factions, by the end of the Mr David Allan, York's chief executive, said yesteryear, to discuss in detail how the pipeline could be built. day the company expected to The two companies will use raise C\$17,5m-C\$20m in Canthe council to "aggressively communicate" to the fac-The equity issue is similar tions the economic benefits to a financing last year by Sherritt International, the

Toronto-based group which launching training pro-

Afghan way for pipeline

By Robert Corzine in London

Blankets and baby food could pave the way for one of the more audacious international pipeline proposals to open the bountiful oil resources of the Caspian Sea and central Asia to world markets.

Companies promoting a multi-billion-dollar oil and natural gas pipeline that would run from Turkmen-istan to Pakistan via Afghanistan also want to bring together all of the war-ring Afghan factions in a "pipeline council" that could give a kick-start to a resolu-

run biotechnology industry. The deal includes technology Miller, the Unocal vice presitransfers, clinical trials in dent overseeing the project. The companies hope to

> of ending the fighting. That message will be reinforced by the bonus payments and by possible "demonstration projects". These may include clearing land mines from some of the proposed pipeline route, which follows the Herat to Kandahar road before crossing into Pakistan near Quetta, or

rould eventually be used to build the pipeline.

The companies also plan to seek matching funds from other aid donors. "We want to really leverage this thing," said Mr Miller.

Representatives Delta, which is politically well-connected in Saudi Arabia, are dealing with some of the tougher "political and cultural issues", according to Mr Miller. The Saudi government, which has been deeply involved in funding various groups in Afghanistan since the Soviet invasion in 1980, has given its full backing to the pipeline scheme.

Unocal executives admit the pipeline cannot create peace in Afghanistan. But establishment of a council could be a catalyst for "the start of conflict resolution", and add momentum to any initiative that might emerge. The companies are "com-

mitted but realistic" about the project's prospects, and they concede it could not go ahead if the political impasse in Afghanistan continued. Nor would it be viable if there was a chance of it becoming a "political tar-get" for disaffected factions. But executives said fund-

ing of the project could be arranged as soon as a compe-tent "central" authority emerges in Kabul They have been told by the World Bank that the project could be eligible for loans as soon as there was a "single entity" which could show that its members controlled all the territory within Afghanistan's borders. The gas pipeline would cost about \$2bn to build, with the budget for the oil line estimated at between \$2.4bn and \$2.6bn.

Although there are a number of competing proposals for pipelines out of the Caspian Sea region, Mr Miller says the Afghan option is the only one aimed at Asia, the world's fastest growing energy market.

# BA seeks dismissal of USAir lawsuit

By Michael Skapinker Aerospace Correspondent

British Airways yesterday asked a New York judge to dismiss legal action against it by USAir, in which it has a minority stake, saying the US carrier was using the suit to pressure BA to re-negotiate their alliance.

USAir shocked BA's top management by launching legal action in July against the UK carrier's proposed alliance with American Airlines. USAir, which is 24.6 per cent owned by BA, said the alliance with American would be anti-competitive. It also said it violated the 1993 agreement under which BA took its stake in USAir.

USAir also said it wanted the case heard by Judge Miriam Cedarbaum, the same judge hearing an anti-trust action against BA brought by Virgin Atlantic, the UK carrier's bitter rival.

BA's motion says new management at USAir is dis-appointed the agreement between the two allows the UK airline to seek an additional pariner. USAir earlier this year appointed Mr Stephen Wolf, a veteran airline executive, as its chairman to succeed Mr Seth

Schofield, who retired. BA said Mr Schofield had agreed last year that its discussions with American were "perfectly acceptable?" and that there was "nothing. in the 1993 investment agreement that prohibits either them or us from seeking other pariners".

BA said Mr Wolf was frustrated the deal he inherited allowed it to strike its proposed alliance with American, announced in June, and wanted to re-negotiate it. BA's submission to the court said: "Disappointment and frustration, however, do not give rise to recognisable legal claims. Indeed, USAir has apparently, and quite conveniently, developed a case of corporate amnesia."

, we UK carrier's submission contests USAir's claim that BA had forced it to give up its flights to Britain when their alliance was formed. BA said USAir dropped the routes at the insistence of the US Justice Department.

BA dismissed USAir's contention that it had not told it about its discussion with American, saying it had done so "as the negotiations reached a conclusion". tactics in the market for internet "browsers" - pro-BA and American plan to

ask the US authorities for anti-trust immunity for their alliance, which would allow them to co-ordinate their flights and share revenues from transatlantic services. BA and USAir's alliance does not have anti-

# Canada to fund Cuban airport growth

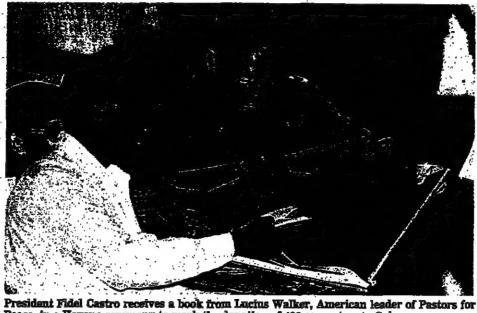
By Bernard Simon in Toronto and

Canada has agreed to finance construction of a third terminal at Havana international airport using an export credit facility reserved for politically sensitive projects with dubious

commercial prospects. The decision to support the C\$35m (US\$25.5m) project reflects Ottawa's determination to expand commercial ties with Cuba, despite

The Canadian government tabled legislation earlier this week clearing the way for Canadian companies to act against US court claims under the Helms-Burton law. Helms-Burton imposes various sanctions against foreign companies "trafficking" in US property expropriated by the Cuban government. Cuba's Civil Aviation

Institute awarded the airport contract earlier this week to Ontario-based Intelcan Tech-



Peace, in a Havana ceremony to mark the donation of 400 computers to Cuba

the Cubans to buy Canadian products. However, the EDC said the funds would be disbursed from its "Canada Under the deal, Canada's account", which is con-Export Development Corpo- trolled by the government

ration will advance funds to and reserved for projects it was in Canada's interest that do not meet the corporation's normal lending cri-

A Department of Foreign Affairs official in Ottawa

to support this deal. We think Cuba is a good long-term market." In another development said yesterday: "We thought

# reflecting Canada's growing interests in Cuba, York Med-Cuba rightfully belongs to their former US owners.

# Rules for Internet wars may be settled in court

Bill Gates makes no ating system licensing prac-secret of his ambition tices.

Another Justice Departcompetitors. scape Communications, the pioneer of Internet software. The Microsoft chairman and chief executive predicts his company will make Netscape's lead in the explosive

Internet market "moot". works even if all Internet software is free. We are still selling operating systems. What does Netscape's busi-ness model look like (if that happens)? Not very good. Mr Gates, chairman and chief executive of the world's largest software company, told FT reporters in June.

"monopoly" profits from Microsoft Windows to eliminate competitors in the Internet software field, Netscape's lawyers contend. This and other allegations of anticompetitive behaviour

Mr Gates' statement

amounted to a threat to use

that Netscape has levelled against Microsoft have now drawn the attention of US antitrust regulators. Microsoft disclosed, late on Thursday, that it was once again under investigation by the Justice Department, this time in connection with its

grams used to navigate the Internet's World Wide Web. Microsoft has been under government scrutiny for most of the past six years. In 1994 the company settled charges by signing a consent decree that modified its oper-

ment investigation, focused on the company's activities in on-line information services, began in early 1995 but has been dormant for the past year. Last year Justice Department opposition "Our business model also forced Microsoft to abandon a proposed \$2.1bm acquisition of Intuit, the leader in software for home banking and personal finance.

To Mr Gates, who relishes competition - especially when he is winning - the Justice Department's concerns about Microsoft's activities seem preposterous. In Internet software, he points out, Microsoft is coming from behind. Netscape claims a more than 80 per cent share of the browser market. Microsoft is "competing intensely", he says.

"Microsoft is competing by enhancing the technology of our browser and consumers are responding. Now Netscape is seeking government aid to protect it from the competitive challenge that Microsoft poses to its leading position in Web browsers," adds Mr William Neukom. Microsoft general counsel. That is exactly the opposite of what the antitrust laws are all about."

Netscape charges, how-ever, that Microsoft has used "strong arm" tactics including "clandestine side payments" and price discounts to induce PC manufacturers, Internet service providers

soft's browser over those of

Microsoft has strongly denied any wrongdoing. In particular, the company insists it has never offered PC manufacturers a price discount on Windows 95 in return for favouring Microsoft's Explorer over Netscape's competing browser, as Netscape has alleged. Net-scape's "wild and irresponsible allegations" have "no basis in law or fact", Microsoft contends.

It will now, however, be up to Justice Department lawyers to determine whether Microsoft is a tough competitor or an unfair competitor. If they draw the latter conclusion, they may have to prove their case at

The outcome of the latest probe of Microsoft could shape the future of one of the hottest markets in the computing. Web browsers are now being used by millions of PC users to access the Internet. Businesses are also adopting the programs for use on private corporate computer networks.

The entire business world is moving toward the Internet, and the stakes are so high that Justice has no choice but to at least be looking at the Netscape-Microsoft battle," says Mr Tim Bajarin, president of Creative Strategies, an

Louise Kehoe

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# Odds rise against bomb on TWA jet

By Nancy Dunne in Washington

US investigators have intensified their probe of mechanical failure as the cause of the explosion of TWA Flight 800, with each day that passes without conclusive evidence that the aircraft was brought down by a bomb.
"The odds are stacking up against

the possibility of a bomb, but we haven't ruled anything out," said Ms Shelly Hazle, spokesman for the National Traffic Safety Board.

The NTSB has painstakingly gathered about 80 per cent of the wreckage from the floor of the Atlantic Investigators have only found tiny traces of two explosive chemicals in the wreckage which could point to a bomb blast dismissed the possibility that the air-

The board has been powlering the craft was brought down by a missile as course of further investigation into posoffers by corporations and private individuals of a working Boeing 747 to serve as a model. They want it flown to is conducting a parallel probe on the the huge hangar complex in Calverton, assumption that the explosion was New York, where the Flight 800 debris caused by a bomb. Investigators say a is being assembled.

They would also like to obtain a 747 have blown the aircraft apart. shell to blow it up under controlled conditions and then examine the centre fuel tank. It is been concluded that Flight 800 was brought down by an explosion in this tank, which could have been caused by a bomb, missile or mechanical failure.

The NTSB also has not completely

snegested by eyewitness reports. But sible mechanical failure and studying many witnesses "have to be taken with a grain of salt", Ms Hazle said. The Federal Bureau of Investigation

> small strategically placed bomb could To determine if the explosion was a terrorist act, the FBI is seeking assistance from intelligence agencies around the world - particularly in the UK, France, Kuwait, Saudi Arabia, Jor-

> motivated by revenge or jealousy.

dan and Israel. It is also investigating the possibility of a non-political crime

FINANCIAL TIMES

UK NEWS DIGEST

Confidence of

consumers rises

Consumer confidence has risen to its strongest level since

1988, adding weight to the growing view that households are now feeling the benefit of the present economic recov-

the polling organisation, shows that growing optimism

about the economy is driving the upturn in confidence,

while consumers are also more confident about their

The latest survey for the European Commission by GfK,

The news follows figures this week which showed retail

sales growing at their fastest rate since 1988, raising fears

may be stoking inflationary pressures.

Mr Howard Davies, deputy governor of the Bank of
England – the UK's central bank – said yesterday in Paris

that gross domestic product was likely to grow by between 2.3 and 2.5 per cent this year – in line with the government's own forecast of 2.5 per cent growth. But Mr

Davies cast doubt on the government's forecast for a bud-

get deficit of 3 per cent of GDP next year.

Families spent on average £289.90 (\$452.24) each week

during the last financial year (1995-96) and received an average weekly income of £380.90, according to the latest

family expenditure survey published yesterday by the

This compares with households' average weekly expen-

diture a year earlier of £283.60 and average gross weekly income of £369.30.

that present rates of growth may be unsustainable and

# Brussels vows to maintain beef ban

Brussels and Maggie Umy in

The European Commission yesterday vowed to maintain the ban on UK beef exports, reflecting widespread anger across the European Union at the British government's decision to abandon a selective cull aimed at eradicating mad cow disease.

leaders in Florence in June aims to concentrate on ach-

que for a phased lifting of

On Thursday the British government agreed to drop the planned cull and discuss options for a smaller scheme with the Commission, possibly focusing on only 22,000 cattle. The UK government now admits its original aim EU anger was directed at of persuading the EU to lift Britain's repudiation of the the full beef ban cannot be terms of a deal struck by EU met in the short-term. It now

Ireland and Scotland.

The reactions to Thursday's decision suggested the UK's relationship with its EU partners had reached a new low. There are a numher of converging ingredients to suggest we are heading for a mega-row," an BU official said.

The Commission said it would stick to the Florence ent while EU scientists studied the latest evidie out by 2001.

Mr Franz Fischler, European Commissioner for agriculture, stressed Britain remain bound by its promise to cull the cattle as part of a step-by-step plan to have the ban lifted. Mr Klaus Kinkel, the German foreign minister, said Britain's "unilateral able". Mr Klaus Haensch, president of the European Parliament, said the UK "did

sions taken together". Mr Philippe Vasseur, the French agriculture minister,

said France would press for

tighter checks of British

imports into the country. The decision to put the selective cull on hold received a mixed reaction from farmers and the beef industry. Mr Richard Cracknell, managing director of Anglo-Beef Processors, which had been the UK's

under which the UK under-took to cull more than for grass-fed "BSE-free" beef dictions from Oxford scien-125,000 cows as a quid pro herds, primarily in Northern tists that the disease would ity" and did not "respect was "surprised and ment's move. The National Farmers Union of Scotland BSE-free cattle available. Ulster Farmers' Union was sceptical that farmers would

appalled" by the governwelcomed the move. Mr Sandy Mole, president, said the group would start work on a herd certification scheme so that when exports could resume there would be But in Northern Ireland the

# Big shops gain from new book pricing

since the net book agree century, collapsed.

"Everyone has learnt lessons," said Mr Tim Hely Hutchinson, chief executive of the Hodder Headline publishing group. "We've all had to become more subtle in our price management.

The chief target for price now on sale in the multiples

Optimists argued last year that the industry would be better off, as booksellers could use price promotions to compete against other retail sectors. But most publishers and booksellers were terrified that discounting would impose intense pres-

A year later some of those concerns have been realised as the multiple retailers, such as Woolworth and Asda, have claimed a substantial share of bestseller sales and a few small bookshops have closed. The trade has become "more difficult" according to Mr Tim God-fray, chief executive of the Booksellers' Association, but

However the multiples have ambitious plans. After increasing its book sales by 50 per cent to 3.7m in the past year, Asda is upping its orders for this Christmas, describing last year as a

shelf stacker's nightmare". Woolworth plans from November to channel book buying through Entertainment UK, a subsidiary of Kinglisher, its parent com-pany which is already one of the UK's biggest record and video buyers. It then hopes to secure desper discounts and to negotiate exclusive rights to titles and to cutprice versions of books with cheaper paper or more flimsy jackets.

Supermarket chains and other general retailers in the UK have won a bigger share of the book trade in the year ment, which had enabled publishers to protect the prices of new books for over

cutting has been bests at 30 per cent discounts.

sure on their profits.

not catastrophically so". Mr Godfray said the BA has lost 119 members since last autumn, "significantly than in previous years, all independents that either closed or stopped selling books. However the it. also gained 74 new independents and 50 new branches

of specialist chains.

# soon be able to export meet.

By Alice Rowsthorn

**■ CHARITY REGULATION** Iran Aid fundraising barred

Office for National Statistics.

The Charity Commission yesterday barred fran Aid, a charity seeking to help Iranian refugees, from fundraising following a series of complaints about its collection meth-

The commission said that many collectors had used "intimidating and threatening" behaviour to procure donations, including showing photographs of dead people to potential donors and refusing to leave homes until a donation had been secured.

"Previous assurances from the charity that they will improve their methods have done little to reduce the number of complaints received," the Commission said in a statement announcing the suspension,

PENSIONS

Discrimination inquiry launched

The Office of Fair Trading has launched an inquiry into whether the personal pensions industry discriminates against certain types of workers.

It will focus strongly on how the industry treats those

who take career breaks whose pension funds can be eaten up by charges during a period when the law bars them from making contributions.

The OFT plens to publish its findings in the first half of

The inquiry has been lannched in response to 1m possible mis-sales of personal pensions since 1988. It has also been prompted by worries that consumers are falling to make sufficient private provision to make up for a decline in state provision. Jonathan Guthrie

### Cocaine smugglers jailed

Seven members of a cocaine smuggling ring operating out of London and Brazil were yesterday sent to prison by a London judge for a total of 65 years.

"Because hard drugs have caused so much human misry and degradation and led to the physical and mental harm of those who take them, it is necessary for me to pass on each of you a lengthy custodial sentence," said Judge Hezlett Colgan.

The gang was said to have brought at least £1.8m (\$2.8m) of the drug into the UK in two consignments and customs officers believe there may have been more. The plot unravelled when German customs' sniffer dogs discovered a large quantity of cocaine hidden in two bags of two London-bound women passengers from Brazil at Frankfurt Airport. They were kept under surveillance when they flew into Heathrow Airport and followed as they took a taxi to south London.

■ LLOYD'S

### \$59m market capacity auctioned

The sixth auction of syndicate capacity at Lloyd's of London saw a total of £38m (\$59.28m) of market capacity auctioned realising £1.15m. So far this year £1.267bn has been auctioned - representing 12 per cent of the 1996 market capacity and realising £27.2m in respect of 124 Lloyd's syndicates. The auctions are designed to allow fair access to syndicates, a chance for members to realise value from taking part in syndicates, and help agents raise capital.

POLITICS.

### Green party to contest election

The Green party yesterday decided to contest the next general election in spite of gaining such a low vote the last time that it lost its compulsory £500 (\$780) deposit in each of the 253 districts in which it ran candidates. Members decided at their annual conference to reject sugges-tions that they should concentrate more on campaigning against individual projects which they considered enviconnentally damaging.

The party had its best national result in the 1988 elec-tions for the European parliament, in which it polled 15 per cent of the vote.

MARINE NAVIGATION

# Oil tanker route reviewed

The government has recommended that new approach routes be tested for all tankers entering the Pembrokeshire port of Milford Haven, where the See Empress went

A full government report on the incident, which resulted in the spillage of 70,000 tonnes of oil, is not expected until early next year. But an interim recommendation Issued yesterday called for trials to test new approaches during different tidal conditions. A recent report said the grounding of the Sea Empress had cost the local economy at least £25m and 960 jobs.

Robert Corzine.

# Bids invited for busy rail franchise West coast main line rail route

By Charles Batchelor

train-operating franchise for the 885km west coast main line between London and Glasgow, one of Britain's busiest long distance routes, is to be offered

for sale early next month. Bidders will be invited to make alternative offers depending on whether they envisage maintaining current service levels with train speeds of around 160kmh or whether they are willing to finance an upgrade to 200kmb, it emerged yester-

Bidders will be expected to offer to provide new trains with a 15-year franchise in return. Bids are expected from the present management team and at least two bus companies, Stagecoach

The franchising of the west coast line has been complicated by the need to ungrade the track and signalling equipment which has was electrified in the late

Railtrack, which owns the track, signalling and other infrastructure formerly run by the national state-owned network, is already commit- age.

Imports of genetically

modified soya from the US

are sparking protests from

The product - developed

by US company Monsanto -

is due to be harvested next

month - initially accounting

for 2 per cent of US sova

crops. It is intended to be

used as an ingredient in

tinned soup to baked beans.

such as Greenpeace say

genetically modified foods

cited the way an early ver-

sion of genetically modified

soya had been found to

But the American Soybean

Association, whose members

cause an allergy to nuts.

Environmental groups

"unknowable risks". It

both retailers and environ-

mentalists across Europe.

**US** 'modified'

soya imports

spark protest

improvement programme, Mr Brian Mellitt, Railtrack

engineering director, said. But the financing of any radical increase in train speeds must be provided by the train-operating companies which use the line through track access pay-

The main franchises will run long-distance inter-city services but a further 15 franchisees will use the line for shorter stretches.

There are no plans to upgrade the line to take 290kmh high-speed trains signalling and the possible introduction of tilting trains would mean 200kmh was achievable. This would cut the London to Glasgow journey time from 5 hours 20

minutes to 4 hours. A 200-strong team from Railtrack who have been working on the upgrading project have been assigned to help the franchising director, Mr Roger Salmon, for the past four months to prepare details of the franchis

The west coast main line carries 2,000 trains a day and accounts for a sixth of the total UK passenger mileage and one-third of freight mile-

The deterioration of the track and equipment has led to frequent delays to services and represents a threat to the vitality of the economies of the West Midlands, north-west England and south-west Scotland, local authority leaders said. • The first rail modernisa-

tion project carried out by Railtrack since it was set up as an independent company in 1994 will be completed this month.

Upgrading of the North London Line will allow Eurostar services from Paris and Brussels to the north of England, due to start next year, to pass around

Trains will resume uninterrupted service on the North London Line, a 35km stretch linking Richmond with North Woolwich, on September 29. This follows the shutdown of a 11km section for nearly a year to allow for a 260m upgrade.

Overhead electric power lines have replaced the "third rail" power supply, sections of track have been replaced and stations have been spruced up. The improvements could

never have been justified on

trains which also use the rail connections.

ments will restore to use the only direct rail line around north London. The London Underground service prothe basis of the local passen-gar services and freight centre of the capital it has vides cross-town links in the

no outer orbital mainline

broader role for the line. BAA, the airports group which operates Heathrow. this week unveiled proposals

# Maxwell trial increases fraud prosecution doubts

A leaflet distributed to customers at UK supermarket chain J. Sainsbury yesterday said the soya had been declared safe by regulatory authorities in the US,

Europe and Canada. But the company also admitted that it would not be able to tell customers which products contained the genetically modified soya. This follows US producers' and European governments' rejection of demands by European retailers and environmentalists

believed customers should know what they were buying and added that retailers were still lobbying to have the genetically modified

yesterday that it was in long and complex fraud trials as pressure mounted on the government to reform the system in the light of the Maxwell case. looking at the issue since the end of the first Maxwell trial in January, but are

should be labelled as such.

Sainsbury's said it

well - the disgraced media SFO director and former magnate who drowned off the Canaries almost five lic prosecutions. The Home Office confirmed years ago – collapsed, Mr Mr Wood said he had been Staple said there were "seri- calling for a long time for

Ministers have been said to be no nearer any conclusions about the merits

This is causing alarm at the Serious Fraud Office, which is now believed to accept the growing consensus that the present system is not working and that reform is desirable. Mr George Simple, the SPO director, hinted that reform

of the legal system was now urgent after the judge in the second Maxwell case ruled further prosecutions would be unfair. After the case against the Mr Kevin Max-

for the prosecution of the largest

Inside the SFO, however, there is little consensus on the way forward. Some prosecutors are said to favour the drafting of a straightforward offence of fraud, which would make cases easier to present to juries. Others believe juries

should be replaced by a fraud trials tribunal, consisting of a judge assisted by two lay assessors, as first recommended by the Roskill Fraud Trials inquiry in

But equally, some prose-Hong Kong system of smaller fraud juries of six or seven jurors who are required to reach a certain educational standard. This

Hong Kong director of pub-

be lifted but his pleas

appeared to have been Mr Wood also said that reform was overdue. "It's now time. However well or badly the SFO is performing, the perception is that it is not performing very well in the major cases. So we can't leave it alone or it will drift and the problem will get worse," he said.

Mr Wood said the first step should be to merge the SFO with the fraud investigation group of the Crown Prosecution Service so that resources could be targeted properly on tackling fraud. ment should adopt the Hong Kong system of small fraud fraud offence and undertake

cutors are said to favour the He also believed the governa review of legislation cov-

### account for most of Europe's against the Mr Kevin Max-well, the son of Robert Max-by Mr John Wood, the first vices Act. soya imports, argues that crops segregated from the the new soyi can be grown standard variety. ered by the Financial Ser-Alternative market outpaced by soccer star

A mysterious Hong Kong-based trust has helped Chelsea Village's shares climb steadily n spite of the news-worthy nature of its lage has kept a remarkably low profile on the stock market following its debut ear-

lier this year. owns London's Chelsea soccer club floated on the Alternative Investment Market the exchange for smaller and newly floated companies in April at 55p, its shares steadily reducing its stake have almost doubled to 991. p. outperforming that cent. However, this does not market's index by nearly 60 per cent. The mystery surdence in the company. rounding Chelsea Village is Instead, the trust has been reflected in the lack of infor-

called Rysaffe. The identity of the trust's beneficiaries is unknown much to the frustration of

Mr Matthew Harding, the Since the company that insurance broking millionaire and the company's sec-ond largest shareholder. Dealers are eager to know more about Rysaffe because in recent months it has been

from 61 per cent to 39 per suggest it is losing confiselling the shares at the mation on the company's instigation of Chelsea Vil-

largest shareholder, a Hong lage and Robert Ellis & Part-Kong-based offshore trust ners, its stockbroker, under ners, its stockbroker, under a strategy designed to prevent the share price climbing too high too fast. Mr Ken Bates, Chelsea Vil-

lage chairman, said: "At the time of the flotation we advised our stockbrokers it was important there was an orderly and liquid market in Ellis with shares if and When required. We were told if we hadn't supplied the market, the shares would have gone through the roof." Mr Robert Ellis, head of the stockbroker, said the aim was to "satisfy demand

without the shares run-

ning ahead of themselves". Mr Bates said Rysaffe had been happy to sell part of its stake. This is not altogether surprising, given that it acquired some of its shares at a low price. In mid-August, for example, it was issued 3.3m shares at 60p, a hefty 34 per cent discount to the then share price. Dealers said the strategy

of regularly feeding the mar-

ket small amounts of stock

had helped steady the

shares. Glasgow Celtic, the

other big soccer club quoted

on Aim, has seen its price

rise almost threefold since

reflecting soccer stocks' pop-

ularity, but also a lack of Investors were queueing up to buy Chelses Village shares primarily because they believed the company had good growth prospects, said Mr Julian Palfreyman, head of Alm stocks at Winterflood Securities. In the year to June 30 1995,

the company made a pre-tax profit of £3.1m on turnover expected to show only modest underlying growth this year, making the company's £133.5m market value look extremely high. Mr Palfreyman said the

the expected growth in revedeal with BSkyB, merchandising, increased gate receipts and the hotel-leisure centre development alongside the stadium. "It's not the latest figures that count - it's people's perceptions of where the company goes from here," he said. Sentiment in soccer stocks

is, however, notoriously volatile. A poor performance from the team and any delays in the property development could throw a bucket of cold water on the

**Patrick Harverson** 

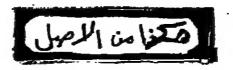
# It's not just stocks and shares that go up and down in The City.





Air UK now fly from London City Airport to Amsterdam and Edinburgh.







Enlarged group set to tap expanding space communications market

# Hughes, PanAmSat in \$3bn pact

By Christopher Parkes in Los Angeles

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Hughes Electronics and PanAmSat that it wanted to sell its 40.5 per cent have reached a \$3hn pact to merge their satellite services operations into a new corporation to exploit the fast-growing space communications market.

Although the combination of Hughes's 10 satellites, which dominate the US market, and PanAm-Sat's four, which beam video, voice and data into 100 countries, had been expected, Wall Street marked nesses in Spain and the Americas. the occasion with strong demand for both companies' stocks.

In Mexico, Grupo Televisa, the international Spanish-language broadcasting group, cele-spending cuts with a dominant posi-brated a claimed \$440m cash gain on tion in the manufacture and opera-

its investment in PanAmSat.

The company, which sparked the perger with its April announcement stake in the Connecticut-based company, said it expected to receive \$600m plus an 8.5 per cent stake in the new group, to be called PanAm-Sat Corporation

Officials said it would use about \$225m of its gain - on an investment of \$160m - to buy back PanAmSat's options over stock in Televisa's direct-to-home broadcasting busi-

The deal marks a further coup for Hughes, a subsidiary of General Motors, which has emerged from the a year by approvals procedures, turmoil of recession and military

tion of communications satellites. Apart from its Galaxy network of

satellites covering the whole of the US - due to be extended with the addition of three new vehicles by the end of next year - its DirecTV subsidiary is the country's leading provider of DTH broadcast services and has an estimated market value of at least \$5hn. Its satellite-building operations have a 60 per cent share of the world market.

PanAmSat has also contracted for four further launches over the next

Under the terms of yesterday's deal, which may be delayed by up to including winning the support of the Pederal Communications Commission, the new company's top execu-

current president and chief executive of PanAmSat.

No redundancies are expected in the 500-strong combined workforce and industry observers predict strong growth in both the workforce and revenues, which totalled about \$500m last year.

Hughes will own 71.5 per cent o the new corporation immediately after the merger, and before it is floated off. According to details disclosed yesterday, PanAmSat's stockholders will receive an aggregate of \$1.5bn in cash and 28.5 per cent of the new group's shares.

They may opt for \$30 in cash, one share half or \$15 plus half a new share for every existing PanAmSat

# Lloyds TSB targets LAL minority holdings

By George Graham, Banking Correspondent

Sir Brian Pitman, who has become one of the dominant figures in UK banking since he took over as chief execu-tive of Lloyds Bank 13 years ago, yesterday embarked on one more bid before stepping down from day-to-day

Sir Brian, who was named chief executive of the combined Lloyds TSB last year after Lloyds' merger with TSB Group, launched a £1.7bn (\$2.65bn) offer to minority shareholders in Lloyds Abbey Life, the life assurer in which Lloyds TSB

owns 63 per cent. Lloyds TSB was stam-peded by "heightened market speculation" yesterday into announcing its offer, which has been agreed in principle by Lloyds Abbey

But details of how the bank plans to integrate LAL with its other life assurance operations will not be revealed until early next

The offer came as Lloyds TSB ended months of speculation about its future management structure by announcing that Sir Brian, now aged 65, would become chairman next February when Sir Robin Ibbs steps down at the age of

Mr Peter Ellwood, who ran TSB and is now Sir Brian's deputy, will take over as chief executive.

Mr Alan Moore, Sir Brian's deputy at Lloyds Bank and another possible contender for the top job, will continue as group deputy chief executive until his retirement at the end of

Mr Ellwood is expected to keep Lloyds TSB on the same path as Sir Brian, who has transformed a small clearing bank with a spread of international and wholesale banking businesses into one of the dominant retailers of financial products in the UK high street.

When Lloyds took a controlling stake in Abbey Life in 1968, it was one of the first UK banks to move headlong into life assurance.
Although Sir Brian has in

the past dismissed any need to buy up the remaining 37 per cent of LAL, he is keen to boost what he believes to be the steady, low-risk income offered by life assur-

Lloyds TSB will offer six of its own shares for every seven LAL, plus 300p in cash for every LAL share. That is equivalent to 625p at yesterday's Lloyds closing price of 379%p, valuing LAL at £4.4bn.

### **NEWS DIGEST**

# Loewen in buy with Blackstone

Loewen Group, the Vancouver-based funeral operator currently the target of a takeover bid, has joined forces with Blackstone Group, the US investment partnership, to buy Rose Hills, a Los-Angales-based funeral group whose ssets include North America's biggest cemetery.

The US\$240m deal is structured in a way that initially gives Blackstone control of Rose Hills. But Loewen has the option to acquire Blackstone's interest after four years on undisclosed terms. Loewen will contribute its existing Los Angeles businesses to the joint venture in return for preferred shares.

Loewen's board is due to meet next week to consider a 2.5bn all-share bid from Service Corporation International of Houston, the world's biggest funeral services group. It is expected to reject SCI's offer, valued at \$43 a share. Mr Ray Loewen, the company's founder and chief executive, holds 15 per cent of the stock. Loewen's shares have remained below the bid price. esting that arbitrageurs are not yet convinced that a deal will go through.

SCI and Loewen have both pursued an aggressive

acquisition strategy, capturing about 15 per cent of the North American funerals market. However, Loewen's ability to finance large purchases has been weakened by a \$175m payment last year to settle a Mississippi court case.

The Rose Hills acquisition is the second in which the Canadian company has drawn on Blackstone's resources to sustain its expansion drive. Earlier this year, the two paid \$320m for Prime Succession, the fourth-biggest US funerals operator. Loewen has spent \$715m so far this year on acquisitions, excluding the Rose Hills and Prime Lex, Page 24

### TIM in profit at midway

Telecom Italia Mobile, the Italian mobile phone operator, reported a pre-tax profit of L955bn (\$625.8m) for the first six months of 1996. TIM was demerged from Telecom Italia, the main domestic telephone operator, last summe and a majority of its shares is owned by Stet, the state-controlled telecoms holding company.

It has a sole competitor, Omnitel Pronto Italia, owned

by a consortium of investors led by Olivetti, the information technology group.

The group did not provide pro-forma figures for the first half of 1995, before the demerger. In the five months to December 31 last year - which included only one month of direct competition with Omnitel in the digital phone sector - TIM reported a pre-tax profit of L645bn. TIM claims to be the fourth-largest operator of GSM-standard digital phones in Europe with just over 970,000 customers Andrew Hill, Milas

### Citicorp reviews strategy

Citicorp, the US banking group, yesterday revealed it was in the process of reviewing its strategy in futures intermediation, "specifically whether it requires its own execution and clearing capabilities". The review is a result of Citicorp's new capital markets focus; which aims to re-direct resources to the group's core product strengths. Derivatives, foreign exchange, fixed income and emerging markets have been singled out as "main priorities for Citicorp in coming years", the bank said.

The review will affect CitiFutures, the group's futures and options brokering arm, which employs some 150 people in five centres - London, New York, Chicago, Tokyo and Singapore - and operates on 17 derivatives exchanges. Its conclusions are likely to be announced by

Shrinking margins in recent years have reduced the contribution of futures broking to financial institutions' bottom line, favouring trading in the much more profitable over-the-counter derivatives, which are not listed on an exchange

### Banca di Roma in the black

Banca di Roma, one of Italy's largest banks, reported a consolidated group profit of LS8.70m (\$38.5m) for the first half of 1996, including for the full period Banca Nazionale dell'Agricoltura, control of which was acquired last year.

The bank said comparative figures for the 1995 first half were not available, because at the time it was not required to prepare consolidated interim results. The parent company reported a 33 per cent increase in first-half profit to L70.8bn, against L53.1bn. Andrew Hill

# Amer in struggle to find winning form

Falling demand has left the sports equipment group with a lot to do, writes Hugh Carnegy

utive of Amer, the struggling Finnish sporting goods group, Mr Roger Tal-ermo could be forgiven for thinking his former profession as a freestyle skier was a less hair-raising job.

Amer owns leading brands such as Wilson tennis rackets and Atomic skis and is the world's second-largest sports equipment maker. Its list of sponsorship superstars include basketball's Michael Jordan, the world number-one tennis players Pete Sampras and Steffi Graf, golf champion John Daly, and downhill-skiing over fell in 1995 from ace Lasse Kjus.

But the company has been in turmoil for the past year as profits have turned into losses with all the alarming waywardness of a sliced drive into the rough. Mr Talermo, who was appointed in May, is scrambling to get the group back on target, and has begun an overhaul of the business. But he has been the strategy of focusing on forced to warn twice that Amer will stay in the red nent replacement was not this year after posting a appointed until Mr Talermo FM116m (\$25.66m) loss in the first four months.

Not surprisingly, Mr Talfuture. "Some of the enterprise, It is controlled by products are for the weekend operations were in so much a group of obscure Finnish them up overnight," he says. started the company to make But he adds: "If everything goes well, our target is to reach break-even in 1997 and the name. In the 1980s it after that to come up to the launched an acquisition standard industry margin of pre-tax profits of 10 per cent MacGregor. of sales

Amer was overwhelmed in never got a grip on such a

ness of Wilson Sporting Goods, which has a 40 per cent share of the global tennis racket market. Sales of Wilson's golfing equipment and Amer's other golf brand, MacGregor, also went into

Meanwhile, Amer had just acquired the Austrian winter sports group Atomic - at a time when worldwide annual sales of alpine skis were sliding, from a high of 6m pairs at the turn of the decade to just 4.5m. And demand continues to fall. Group turnprofits from sporting goods

down 67 per cent to FM81m. As performance spiralled downwards, Amer dismissed sporting goods. But a permawas promoted from Atomic

to beed the group.

The saga raised a question academic institutions which American-style digarettes for the Finnish market - hence spree, buying up Wilson and

Sports equipment now Over the past year, that accounts for 75 per cent we should not enter a new has seemed a distant hope. of sales, but Amer has



turn the business around. He has already shaken up the structure of the company, making himself chief executive of Wilson, and he is weighing the future of Mac-Gregor, a heavy lossmaker which has an obvious clash with Wilson golf brands. Wilson, divided into

FM6.9bn to FM6.1bn. Wil- racket, golf and team sports son's operating profits sub-units, is the biggest of crashed by 71 per cent to the three main divisions. FM75m, driving operating The others are Atomic, producing "classic" skiing equipment, and Oxygen, an Atomic offshoot making snowboards and in-line

> r Talermo's strategy is for all divi-sions to produce premium brands aimed at "average" sports players. Professional stars are supplied with specialist equip-ment and used to promote tennis player, golfer or skier, or the school baseball team. . They are crafted to

enhance performance - like the Wilson "Sledgehammer" tennis racket, designed to combine a bigger "sweet spot" with maximum power. "If we don't add something new to a person's game, then product. That's fundamental," says Mr Talermo.



Pete Sampras using a racket made by Wilson, a division of

He also aims to balance the product portfolio long struggle for Amer to between winter and summer, establish firm profitability. ermo is cautious about the mark over the whole Amer the brands. But the bulk and indoor and outdoor An outside takeover that sports, in order to smooth shifts control of the sporting out fluctuations in seasonal demand and the vagaries of fashion.

have been signs of a turnround in demand for tennis equipment. Amer is scram-bling to take full advantage of booming demand for snowboards and in-line skating. But he is not expecting a sudden revival in Amer's core markets.

It looks as if it will be a goods business closer to its operational heart in the US may yet prove its fate. Inves-Mr Talermo says there tors have signalled some nave been signs of a turn-confidence in Mr Talermo by driving the share price up above FM100 in recent weeks from the low in June of FM74. But there are still plenty of moguls for the former skiing pro to negotiate

before he reaches the finish-

# **DMGT** bonds attract bonus

Holders of bonds issued by Daily Mail and General Trust will get three extra coupons, the company announced yesterday.
The DMGT bonds are

exchangeable into ordinary shares of Reuters Holdings and the windfall aims to reflect the increased value of the exchange property following Reuters' recent decision to pay a special divi-dend to shareholders. Holders of DMGT's 5% per

cent exchangeable bonds due 2003 will get additional coupons of 3% per cent each in October 1997, 1998 and 1999. The price of the bonds rose by between 1% and 2 percentage points to about 158% after the announcement.

"Technically, we did not have to do it," said Mr Peter Williams, group finance "hoping to persuade inves-director of DMGT. "We chose tors to hold on to the this way to make sure the special dividend attached to

passed on to the bondholders.

Reuters recently said it would return £613m to shareholders through the innovative creation of a special dividend share, which will pay regular dividends over a three-year period to the 20 existing shares are to be replaced by 19 ordinary shares and one special dividend share. Reuters' offer, if approved

by shareholders, would make it more attractive for DMGT bondholders to convert their bonds into shares. since the special dividend would be more generous than the fixed rate of interest payable on the bonds.

By adding the special coupons to the bonds, Mr Williams said the company was bonds", rather than converting them.

# Australian life group to issue free shares

By Roger Taylor in London and Bruce Jacques

270,000 UK About policyholders with Australian life assurance company Colonial Mutual are set to receive later this year free shares worth on average more than £1,000 after the Supreme Court in Victoria yesterday gave the go-ahead for Colonial to take the next step towards converting into

a listed company. Colonial confirmed in May this year its plans to convert from a mutual life office, owned by its 580,000 policyholders in Australia, UK, New Zealand and Fifi, into a listed company owned by shareholders.

If the plan is approved by policyholders, Colonial will distribute shares and options worth A\$1.3hn (US\$1.08hn) to its customers by December, representing over 90 per cent tions were based on a valu-of the share capital of the ation of A\$2.57 for each par-

company. It then aims to cel of one share and one float on the Australian and option, but the ultimate New Zealand stock markets value depended on stock by June 1997.

Mr Peter Smedley, the chief executive of Colonial, said the minimum distribution would be 225 shares and options for each policy, estimated to be worth £285. But 90 per cent of beneficiaries will receive further shares and options in proportion to the value of their policies.

A further 93,000 people in the UK with pension man-aged by Colonial Mutual will benefit from the conversion. But their pay-out is likely to go into their pension mes rather than directly to them. The plan will effectively convert Colonial into a foreign-owned company. This is because about 60 per cent of its beneficiaries live outside Australia, some 40 per cent of them in Britain. Mr Smedley said alloca-

tions were based on a valu-

exchange conditions at the time of listing.

As well as distributing shares to customers. Colonial plans to use the listing to raise new capital. Mr Peter Smedley, said the group expected to effect the

·Colonial proposed to raise an additional A\$350m through a convertible prefer ence share issue and a further A\$200m with an options issue to members.

"While we don't need the capital as a mutual, by raising it at this time we are able to plan shead for the business' future needs," he

"After listing, we will be able to take advantage of our unique structure in Australia, our innovations in the UK, and the excellent oppor-

NOTICE TO HOLDERS OF THE 7 1/4 PER CENT. CONVERTIBLE SUBORDINATED BONDS 2007 (THE "BONDS") OF ROYAL INSURANCE HOLDINGS PLC

This notice is published in accordance with Conditions 6 and 17 of the terms and conditions (the "Conditions") of the Bonds. Terms defined in the Conditions bear the same meaning in this notice. On the scheme of arrangement of 21nd May, 1996 becoming effective on 19th July, 1996, the Royal Insurance Group merged with the San Alliance Group, the holding company

of the merged group being known as Royal & Sun Altiance Insurance Group pic ("Royal Notice is hereby given that, in accordance with Condition 6(c) of the Bonds, Royal Insurance Holdings plc (the "Company") will, on 21st October, 1996 (the "Redemption Date"), redeem all of the Bonds ourstanding at such date at their principal amount,

together with interest accrued from 12th June, 1996 to such Redemption Date. The Company confirms, for the purposes of Condition 6(c), that (i) Conversion Rights have been exercised and/or (ii) purchases of Bonds by the Company have been made in respect of 85 per cent. or more in principal amount of the Bonds. Payment of principal and interest on the Bonds will be made subject to, and in accordance with, Condition 7 of the Bonds. In order to obtain such payment, Bondholders should present their Bonds (together with the related Coupons) at the specified office (as set out below) of any of the Paying Agents. Bondholders should note that interest will cease to accrue on the Bonds from the Redemption Date and that any Coupons relating to the

Bonds which have not matured as at the Redemption Date will become void and no

payment will be made in respect of them. Where any Bonds are presented for redemption

without all related unmatured Coupons, Bonds will only be redeemed against the provision by the relevant Bondholder of such indemnity as the Company may require. Bondholders, or the Trustee on their behalf (pursuant to Condition 5(d)), will continue to be able to convert Bonds up to the close of business on 10th October, 1996 (or, in the case of such conversion by the Trustee, up to the close of business on 18th October, 1996). Following the amendment to the Company's articles of association, as notified to Bondholders on 22nd July, 1996, Bondholders (or the Trustee on their behalf) will, upon such conversion, receive shares in Royal & Sun Alliance (rather than shares in Royal Insurance Holdings plc). In accordance with Conditions 5(d) and (e) of the Bonds, accraed interest will not be paid in respect of such converted Bonds.

### **PAYING AGENTS**

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# Solvay to sell animal health businesses

By Neil Buckley in Brussels

Solvay, the Belgian pharmaceuticals group, is selling all its worldwide animal health businesses to American healthcare products group, to concentrate on expanding renewed last month with a

The Brussels-based group, which has operations in 44 countries, plans to complete the sale before the end of

Solvay returned to profits in 1994 after extensive Home Products, the US restructuring. Together with a DM1bn (\$660m) credit line its human pharmaceuticals group of European banks, the animal health business sale will leave it with

reserves of about \$1bn.

Baron Daniel Janssen, chief executive, said Solvay 1996, for a price of BFr14bn planned to acquire human (\$449m). The sale will mark a pharmaceutical product added.

vay chief said.

"For the moment we are tions in therapeutic areas where we are strong.

global market presence and folio through discovery, tion of pharmaceuticals," he examine opportunities.

vny a capital gain-before tax opportunity arises, for one before interest and tax of of moves to strengthen Solon about BFr6bn.

opportunity arises, for one before interest and tax of moves to strengthen Solon before interest and tax of vay's other sectors of alkalis. group's total. Baron Janssen said the plastics processing.

working on selective acquisi- group's share of the European pharmaceuticals mar-ket was more than 1 per cent "We intend to strengthen last year, but it had only a our position through a 0.3 per cent market share in the US. He added that Solby building our product port- vay had already made some unannounced US buys this development, and acquisi- year and was continuing to

peroxygens, plastics and Earlier this year it bought

an alkalis business from Hoechst, while in May it

Health care products is Polish and Bulgarian soda Solvay's health business one of Solvay's five main ash industries

the animal health business. US. "We are not looking, last year achieved sales of business areas. The animal and should generate for Sol- except if an extraordinary BFr44bn, and earnings health sale follows a series

bought Canlac Corpin, the Canadian lactulose manufacturer. In June it unveiled a \$170m investment plan for its soda ash plant in Wyoming, and has said it is interested in investing in the

complete withdrawal from lines or companies in the

By Jane Martinson

Boots is to buy Laboratoires Lutsia, a French skincare company, for FFr920m (£115m) as part of a policy of enhancing its over-the-

counter healthcare business. The long-expected deal pushes Boots Healthcare International into the top 10 in the fragmented European OTC market.

The cash purchase comes three months after Boots spent £300m on a 5 per cent share buyback. Following yesterday's deal, NatWest, the house broker, estimated that net cash will be about £285m at the year-end.

Mr Alistair Eperon, direc-tor of corporate affairs at Boots, said the group would look for other purchases, particularly in Germany. This was absolutely on strategy and we will con-tinue to look for acquisitions at the right price."

Laboratoires Lutsia chieved sales of FFr315m (£39m) last year, chiefly with its Lutsine anti-acne and Onagrine anti-ageing products. Mr Eperon said the price, at almost three times sales, was in line with others in the sector.

He added that the seller Roussel Uclaf, the quoted French subsidiary of Hoechst, the German pharmaceuticals group, had asked for the information not to be revealed.

In 1993, the last set of recorded accounts, Laboratoires Lutsia made a profit of about FFr20m, he said. Boots' shares rose 4%p to 640%p. Mr Sean Eddie. house analyst, said a purchase in the European OTC

for about two year OTC is considered a growth market because of the demands of an ageing population and the increasing trend for governments to move away from fully

market had been expected

state provided healthcare. Boots said vesterday that it intended to extend the range of Laboratoires Lutsia's products and to use its specialist sales force to promote other brands. Small cost savings would come from the transfer of the French company's staff to BHI's head office in Paris.

The French group will pay off some FFr56m of intercompany debt before the deal gets the final go-ahead.

Shares in Signet Group fell

2%p to 22p yesterday as pred-

ators circling the former Rat-

ners jewellery chain took

stock after a £277m sale of

Everest Capital funds

revealed they had bought

additional US preference

announcement on Thursday

the UK stores collapsed.

By Ross Tleman

Replacement to be Antti Pankakoski, vice-president of shipbuilding at Kvaerner

# Cunard chairman Peter Ward to resign

Kvaerner, the Oslo-based international shipbuilding ny's activities in the luxury and engineering group, yes-terday announced that Mr Peter Ward was resigning as chairman of its lossmaking Cunard subsidiary.

The company, which acquired the cruise line when it bought Trafalgar House for £904m earlier this year, said Mr Ward had decided to pursue other interests and had not been It denied his departure signalled an imminent sale of

the luxury cruise fleet.

portive of Cunard's objectives to refocus the compacruise market, and to achieve its goal of producing future sustainable profit levels," said Mr Erik Tonseth, chief executive.

Kvaerner has indicated that it is seeking a joint venture partner for Cunard and its QE2 flagship liner rather than an outright sale. Officials said yesterday

that talks were continuing with a number of possible partners, although a deal was not imminent

Shipping industry analysts

"The group is fully sup- suggested the group had ortive of Cunard's objectopted for a joint venture, because there were few ready buyers for the fleet, which requires upgrading and is not expected to return to profit before 1998.

Mr Ward said he had put in place the new management structure and financial controls to return the company to the black, fulfilling a two year commitment to Trafalgar House, Cunard's former parent.

"We are now on a solid footing, but the lead times are so long in this business that it could be two years before we break even.

Operating losses this year are expected to match the £16.4m deficit recorded in 1995. Nevertheless, Kvaerner has underlined its mediumterm commitment to the cruise operator by authorising a \$40m (£26m) investment in refits - including an

imminent £12m overhaul of

the QE2 - and new computer.

The chairman of the cruise line, formerly chief executive of the luxury carmaker Rolls-Royce, said he fully supported that investment programme and stressed that his departure did not reflect any strategy differ"It's a personal decision,"

he added. "Cunard is a USbased operation. My family and children are in the UK and it's one of these cases where the takeover did not suit me personally." He will not receive any compensation for loss of office.

Mr Ward, a former president of the Society of Motor Manufacturers and Traders, said he would return to Loudon this autumn, although not to a specific job.

Kvaerner, meanwhile, announced that Mr Ward would be succeeded in early November by Mr Antti Pan-

dent of the Norwegian group's shipbuilding business area. Mr Pankakoski was formerly vice-president of Kvaerner's Masa yards in Finland.

The company said that the new Cunard chief "brings broad experience of working with the cruise industry and will continue to drive Cunard's reorganisation pro-

gramme". Analysts believe that if Kvaerner is to retain and develop Cunard, excess capacity at the Masa yards could be used to build new ships for the cruise line.



Peter Ward: plans to return to UK to rejoin his family

# Nursing homes combine to survive

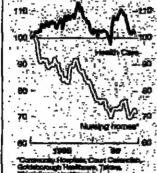
Justin Marozzi considers the implications of the merger of Takare and Court Cavendish

ntil this month, consolidation had been more of a buzz-word in the care homes sector than a realistic indication of

what was afoot. Tentative moves towards rationalising the highly fragmented sector had failed to deliver anything of substance. In May, Court Cavendish bought Greenacre for £21.5m. In July, Westminster Healthcare made a £71m hostile bid for Goldsborough but was rebuffed.

The announcement a fortnight ago of the merger between Takare and Court Cavendish to create TC, by far the largest nursing home group, could show the way shead for the depressed sec-tor. Nursing home companies have underperformed the FT-SE-A All-Share index by 22 per cent over the past

Hursing homes the to the FT-SE-A All-Share Inches



25.35 per cent of the votes.

Group, which tried to buy

some of Signet's UK stores

last year, revealed it had dis-

cussed getting control of

part of the British Signet

via a reverse takeover with

By Patrick Harverson

Premier Oil, the independent

exploration group, has stepped up its presence in

south-east Asia by acquiring

an Indonesian oil and gas company from Chevron, the

US oil group, for \$72m

The subsidiary, Sumatra

Gulf Oil, owns 87 per cent of the Natura Sea block "A"

production sharing contract

off the coast of Indonesia,

which includes the Anoa oil-

field and considerable gas

reserves. Sumatra is a joint

production contractor with

Pertamina, the Indonesian

operation

year. They have suffered from patchy funding for care for the elderly in the wake of the Community Care Act. Mr Andrew Richmond,

analyst at broker Collins Stewart, says the stock market "has grown tired of a large number of nursing homes which have not performed". After TC, expected to have an initial market value of about \$250m, the next largest of the 10 quoted nursing homes groups is Westminster Healthcare at £191m. After that, the groups trail down in size to Apta Healthcare on just £9m. "There is a large chance that these will either merge or be acquired by the larger opera-

Mr Ketth Bradshaw, chairman of Takare and Mr Chai Patel, chairman of Court Cavendish, admit they are like chalk and cheese in terms of personality, but argue their groups are ideal bedfellows. Takare brings the capacity, Court Cavendish the more specialist ser-

tors," he adds.

With 8,500 beds at 63 purpose-built nursing homes. Takare is the largest provider of long-term care to local authorities. Court Cavendish, an early believer in acquisition-led growth rather than new build, is a leading supplier to the private sector. Once merged, TC will have 126 homes, 11,742 beds, 13,000 employees and an asset base of £258m. with virtually no geographical overlap. Such is the frag-book value.

The deal would have left

have given Goldsmiths con-

trol of the Ernest Jones

stores, which it tried unsuc-

cessfully to buy in Decem-

Premier Oil's \$72m buy

lifts Indonesian presence

"This particular project

gives us very good

short-term oil production

over the next five to six

years, and some attractive

potential upside in the gas development," said Mr

Charles Jamieson, chief

Premier estimated Anoa's

recoverable reserves were 9.7m barrels, and said cur-

rent production was running at 13,000 barrels a day; a fur-

ther 3m barrels could be

recovered. However, the gas

assets appeared to have been

just as attractive to Premier,

which already has gas inter-

executive.

ests elsewhere.

Mr Jurek Piasecki, chief

evening, taking holdings by was rejected by Signet after so-called "value" funds to markets closed on Thursday.

Meanwhile Goldsmiths Apax with 65 per cent of crown, which tried to buy Goldsmiths. It would also

Apax Partners, the venture executive of Goldsmiths,

capital group whose offer said the deal with Apax had

Signet shares slip as predators consider their strategy



Chalk and cheese is how Keith Bradshaw (left) and Chai Patel describe themselves, but they argue that their two groups, with virtually no geographical overlap, make ideal hedfellows

mentation of the sector, however, that the new group will command just 2.5 per cent of the total nursing homes market.

After the deal, TC will have net debt of about £94m, giving gearing of 37 per cent. It says this leaves it scope to keep expanding. "We aim to acquire [further nursing homes] without paying goodwill," says Mr Patel, pointing to the availability of quality developments which he says can be bought at or below

been discussed because

of leases on 400 stores.

Signet pulled out of talks

with Apax after they failed

to agree a strategy for liabili-

ties arising from the transfer

It is also understood Sig-

net sought to raise the price,

after recording its first

interim profit since 1990.

This has apparently raised

expectations that Signet may

enjoy improved trading in

gas reserves at Anoa have been estimated by Premier

at 650bn cubic feet, and pos-

sible reserves 1,500bn cubic

feet. Mr Jamieson described

the gas reserves as "the

cream on the cake",

although analysts said much

depended on whether Pre-mier could find a local mar-

Analysts said another

attractive element of the deal was that Sumatra came

previous development expen-

diture by Chevron. They said

Premier would be able to

recover all the costs from

ket for it.

Both men insist it is time the deal, but say the proj-he government decided how ected board, in which leadthe government decided how to fund long-term care. By 2005, says Mr Patel, the retired population will represent over 50 per cent of the electorate. "Politicians won't get away with ignoring them forever," he argues.

ahead. "With our critical ratios in the business. mass, we can be a potent Patel.

Analysts have welcomed to follow suit.

But analysts say Signet

will remain under heavy

pressure to cut borrowings.

It has £300m of bank debt,

£110m of arrears on prefer-

ence dividends, and some

£300m of preference stock in

to release shareholder value structure."

period.

ing executives from both groups remain, looks top heavy - Mr Bradshaw becomes executive chairman with Mr Patel as chief executive. Mr Bradshaw rejects the charge. The group's cen-The group aims to work tral overhead measured with long-term care insurers against sales was 3 per cent, to help define the way he said, one of the lowest

Takare and Court Caven-

dish have taken the plunge; this puts pressure on others

dam to restructure the com-

The Active Value Fund

has been the most vocifer-

said: "Signet is trading well

but there is a long way to go. They can't pay the dividend

on the preference shares.

pany's capital

ous. It

### **NEWS DIGEST**

# **Stronger Atlas** plans expansion

Atlas Converting Equipment shares jumped 110p to 762%p yesterday, after the packaging equipment manufacturer revealed pre-tax profits up 52 per cent for the six months

to June 30 and plans for expansion. Sales rose 50 per cent to \$40.6m, and the pre-tax line was \$3.99m (\$2.63m). The group, whose clients include Kodak, 3M and Mobil, said output had increased in line with expectations at Atlas, General Vacuum and Titan, but the improvement in gross margins for Atlas slitters had been largely offset by additional overheads.

Mr Christopher Rogers, chairman, said: "The market is better and there is an incressed demand for the machinery we make, but output now is for orders taken last year, so we always know what to plan for." He said he expected

the growth to be slightly higher in the second half.
"We have a full order book for the rest of 1996." Staff numbers continued to rise and further expansion using land it already owns will double the production area for General Vacuum from April.

Brokers increased their full-year pre-tax profits forecast for the year to £8.2m. Last year, Atlas made £5.86m.

### Gradus falls but optimistic

Pre-tax profits at Gradus fell 14 per cent to £1.5m as the flooring and carpets group falt the effects of the introduction of new machinery in the six months to June. Underlying sales were static at £18.7m, but a £279,000 contribution from Advance Carpet Tiles, acquired in

**1000** (1000) 1000 (1000) 1000 (1000)

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200

COVERN GOVERN MEN!

March, took total sales to £14m. Operating margins fell from 15 per cent to 11 per cent. Sir David Rowe-Ham, chairman, said the benefits of the capital investment would feed through next year as the company expanded into new markets. The carpet division has moved into the loop pile market, while the flooring side was seeing the benefit of investment in low-level lighting products. Demand for cinema lighting was also

growing, he said. The dividend is 1.8p (1p) payable from earnings down from 6.94p to 5.13p.

### Estates & General turns round

Estates & General vesterday reported interim results showing its first pre-tax profit for five years and hinted at its return to the dividend list this year.

A merger or acquisition was on the cards and "good possibilities are being explored", said Mr Peter Prowting,

chairman. A capital reconstruction and rights issue in April raised £7m and led to a 3 per cent fall in interest payable to £2.96m on its £61.2m of debt. Gearing was 305 per cent. While turnover rose just \$500,000 to £4m in the six months to the end of June, the pre-tax line showed a turnround of £681,000 to a profit of £263,000 and the result per share changed from losses of 3.88p to earnings of 1.63p. The shares rose 2p to 52%p.

### Scotland-based Pacific trusts

Weak Asian stockmarkets were behind disappointing performances from two Scots trusts investing in Pacific Rim

Net asset value per share of 169.2p at Martin Currie Pacific Trust was almost unchanged in the six months to Pacific Trust was almost unchanged in the six monus we August 31, although it was up 13 per cent on a year ago. Pacific Assets Trust, managed by Ivory and Sime and which excludes Japan, saw net asset value per share at July 31 of 124.7p, down from 131.5p a year earlier.

Mr Tim Kimber, chairman of Pacific Trust, said it had

comfortably beaten its benchmark index, the FT/S&P World (Pacific), which had fallen by 5.1 per cent during the period.
"Although the Japanese market as a whole fell 7 per

cent over the six months, good stock selection meant that our holdings have gone up by 2 per cent." Earnings per share were up to 1.31p (1.27p). The company does not pay an interim dividend.

Pacific Assets Trust, which bought NM Smaller Australian Companies Trust in July in exchange for shares and warrants, improved earnings per share from 0.89 to 0.5p.

# Tradepoint below break even

Trading volume on Tradepoint Financial Networks, the rival to the London Stock Exchange which opened last year, remained far below the break even level in the first 12 months of operation. The £300m of shares which Trade-point said yesterday had been traded represents only 0.5 per cent of the UK equity market, compared with 2 per cent Tradepoint had said it would need to break even.

Nicholas Denton

### Compel Group 21% ahead

A strong performance across all areas of its busines helped Compel, the computer services group, to a 21 per cent increase in pre-tax profits to £3.24m for the year to June 30, struck from turnover 22 per cent shead at 285.6m. Mr Neville Davis, chairman, said the company had increased business with both new and existing customers. He expected the improvement to continue.

### state-owned oil company. Gross proven and probable Edge Properties £17m buy

By Joan Gray

22.51 18.50 22.51 22.61 22.61 14.59 14.59

The school register of the State Special State S

(£46m).

Edge Properties, the retail warehouse developer, is to pay £17.15m cash for the Battery Retail Park in Birming-£15.7m placing and open offer of 16.3m new shares priced at 100p. The shares closed up Ip at

Of the proceeds, £9.55m will be used to expand the group's portfolio and enable

ing film being provided by Battery to be a success, as it a term loan.

Battery Retail Park comprises 103,000 sq ft of fully let retail space and 4,000 sq ft restaurant space. It proham, partly funded by a vides a total annual rental income of £1.15m.

The retail warehouses in which Edge specialises have been one of the fastest growing property sectors.

Mr Nicholas Vetch, chief

executive, is expecting this group's assets has been "high growth to continue it to retain development but only in certain areas, as of the placing and offer, giv-properties. The 26.15m bal- some areas have a surfeit of ing net assets per share of

has an open planning consent in an area where planning consents are tight and is in a large conurbation". The interim results also

announced yesterday showed a pre-tax profit of £498,000 for the six months to July 31 against a loss of £65,000, struck from turnover of £5.27m (£358,000).

A revaluation of the undertaken for the purposes ance will help fund the planning consents and oth-acquisition, with the remain- ers none". He expects the and offer and 100p after.

# No deal for Yates and Tom Cobleigh

UK and US funds specialis- and there has to be some

ing th obliging management sorting out of the capital

the crucial pre-Christmas have been pressing Mr McA-

By David Blackwell

A widely expected deal between Tom Cobleigh, the independent pub group floated last November, and Yates Brothers Wine Lodges, the Bolton-based independent drinks group, falled to materialise this week.

It is understood Yates, which floated in July 1994, is bitterly disappointed, but still keen to merge. However, Tom Cobleigh is with \$80m of deferred cost thought to have received oil allowances relating to potentially higher cash

Last Friday it issued a statement that it was in talks that could lead to a takeover. The group would make no further comment

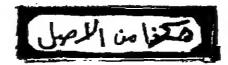
yesterday.

231%p, valuing the group at £92.1m. The acquisition would almost double the size of Yates, valued at £143.5m at yesterday's closing price of 363%p. Speculation that Tom Cob-

leigh was up for sale began in June, after European Acquisition Capital, which controls 50 per cent of the shares, said it had appointed Hambros as adviser with a view to selling its stake. At the time of the flotation

- at 150p a share - EAC undertook not to sell any shares until the results to March were announced. In May, Tom Cobleigh reported annual pre-tax profits up by 38 per cent to £2.28m, adding that if the benefits of the flotation had been available Shares in Tom Cobleigh throughout the year, profits closed up 3p yesterday at would have doubled.

	Tarnes	r (Corp		t (Ba)	_ 8	5 (p)	Current payment (a)	Date of	Corresponding dividend	Total for year	Total last
Attas Converting 6 mile to June 30 Edge Properties 6 mile to July 31 Estates & General 6 miles to June 30 Gradus 6 miles to June 30 Walker (Thomas) Yr to June 30	40.6 5.27 4.09 14 4.13	(27.1 ) (0.358 ) (3.58 ) (13.1 ) · (4.27 )	3.99 0.498 0.263 1.53 0.12	(2.63 ) (0.065L) (0.418L) (1.78 ) (0.159 )	25.57 3.1 - 1.63 5.13† 1.5	(16,89 ) (1.8L ) (3.88L+) (6.94 ) (2.02 )	7 1.8 0.625	Nov 19 Nov 4 Nov 8	7 nli 1 0.625	0.805	22 nk 4.5
nvestment Trusts	MAY			ps (Sm)	2	5 (p)	Current Primeral (p)	Date of payment	Corresponding	Total for	Total last
Naniones Investment Yr to Oct 31 1st Russian FrantS 6 miles to July 31 M Guerle Pricillic 6 miles to July 31 M Assantic Scraff 6 miles to July 31 Pacific Assant 191 6 miles to July 31 (or investment) 7 11 11 11 11 11 11 11 11 11 11 11 11 1	378 124.7	(- ) (- ) (149.8 ) (378 ) (121.5 ) (1596.2)	17,4 536 0,448 748 1,86	{- } (522 } (0.199L) (430 } (1.45 )	309.87 1.31 4.38 0.6† 48.15	(- ) (1.27 ) (2.02L ) (0.5 ) (35.84 )	1.13‡	Nov 29	7.03	41	4.22 0.3 nli 0.35 40



ALLINERUM, SO.7 PURITY (\$ per torne)

AM Official

# LEAD (5 per tonne)

M NICKEL & par to

# TIN (5 per tonne)

# ZINC, special bis

Kerb close Open Int. Total daily turno

Cash-

1374,5-5.5 1397,5-8.5

1377

212 078

1195-205

1196-7

4,909 97,5

777545

7925-35 784 784-4.5

37,089 9,621

3 William

1413-4

1230-35

1230-2

778-80

792,5-85

### WEEK IN THE MARKETS Normal service resumed

Something like "normal service" was resumed on the London Metal Exchange copper market as this week period in which concern about technical supply tightness had been distorting forward price patterns. Having negotiated the last

of the severely squeezed

Aluminium	4.0	4.55-	
Aluminium		+4,825 -1,040	to 84,580

delivery dates the cash price subsided relative to the forward contracts, re-establishing the normal "contango" situation, in which forward positions trade at premiums to the cash price.

Such premiums reflecting the storage and insurance costs avoided by buying forward and the interest income gained (or interest cost avoided) on the extra money a cash purchase would have required - have only been seen very briefly and on a very marginal scale since early in 1995. For virtually all of this period the market has been in backwardation - so called because it is a reversal of the normal pattern - with the cash price carrying the premium.

When a backwardation appears it is usually a reflection of fundamental supply tightness, with stocks low and the supply/demand balance in deficit. But that has certainly not been the case over the past 12 months, a period that saw stocks held in LME registered warehouses rise by nearly 70 per cent to 275,775 as of early this mouth. (Ironically, the at \$779 a return of the contango has

\* frist stiffings

食物 1.35 AUDMA

were a traction

Transfer

WEEKLY DRICE CHANGES

	O I STORE					
	Latest prices	Change on week			Low	
Gold per troy cz.	\$361,60	-1.60	5596.80	\$415,40	\$378.00	_
Silver per troy oz	318,35p	-8.15	346.550	383.90p	267,90p	
Aluminium 99.7% (cash)	\$1375.5	-31.5	\$1784,0	\$1678	\$1375.5	
Copper Grade A (cash)	\$1699.5	+5.0	\$2926.0	\$2810	\$1863.5	
Lead (cash)	3778.5	-31	\$596.50	3227.5	\$68C.5	
Nickel (cent)	\$7230	-255	\$8900.0	\$8825	36185	
Zine SHG (cash)	\$1006	+8 .	\$1005.5	\$1082	\$983.5	
Tin (cash)	26042.5	-62.5	\$8570.0	\$6590	36960	
Cocos Futures Sep	2050	-9	E874 '	£1179	5385	
Coffee Futures Sep	£1683	+18	£2395.0	22805	21485 .	
Sugar (LDP Raw)	\$186.50	-15.9	\$287.0	\$330.7	5202.9	
Barley Futures Sep	£101.60	+2.75	2109.05	£127.50	298.50	
Wheet Futures Sen	£105,76	+2.95	£117.10	2134.10	210475	
Cotton Outlook A Index	75.00t			17.55C '	74.050	
Wool (64s Super)	4220		452o ·	452p	417p	
Oll Green's Shendi	221 785	-1.975	\$18,005	\$93.13	\$18.90	٠

coincided with a modest BASE METALS downturn in LME stocks they have fallen back by Prices from Amalgament Metal Trading)

about 10,000 tonnes.) The tightness that has been distorting the market has been largely technical, reflecting futures and options operations that have left the "shorts" periodically scrambling to meet their delivery obligations, or hav- - - ALUMBRUM ALLOY (S per torne) ing to stump up exorbitant "borrowing" charges to drew to a close after a long carry positions forward. The cash/three months delivery backwardation peaked last December at about \$330 a tonne, a level that alarmed the LME sufficiently for it to impose a limit on the cost of carrying forward "short" positions. That level proved exceptional, but the pre-

> The emergence of the new price pattern (or rather the resumption of the normal price pattern) began after Monday's pricing operations ahead of the "third Wednesday" settlement date removed previously tight delivery dates from the market's price structure.

mium remained close to \$100

a tonne before narrowing

from mid-August

While short-covering helped to boost the overall level of LME copper prices, the cash premium narrowed to the point of extinction and then turned into a discount. At yesterday's close cash copper stood at \$1,899 a. tonne, up \$5 on the week. while the three months price was at \$1,910.50, up \$36 on the week. Meanwhile forward price spreads at the end of this year and early in 1997, while remaining in backwardstion, were narrowing significantly. "It is on the run now," one LME traders told the Reuters news agency. "People are lending [exchanging positions for cheapers ones at longer dates] to get these backs [backwardations]

before they go."
Othe LME contracts were generally weaker. Three months aluminium closed at \$1,410 a tonne, down \$30.50 overall, while lead lost \$33.50

1	tonne. Richard Mooney	IN LONDON BULLION MARKET (Prices supplied by N M Rothschi				
	1990	Gold(Troy-ce) \$ price Close 361,40-361,80				

Ī	Prices suppli			
	Gold(Troy-ce) Close	\$ price 361.40-381,80	£ equiv	SFr equiv
-	Morning for Afternoon for	382.50		474,683 473,580
	Day's High Day's Low	362.50-362.90 381.10-381.50	-	413,300
	Previous close Loco Ldn Me	en Gold Land		
	1 month	4.09 12	राधेगक राधावता	91 198
•	3 months		z US	da ecuiv.

318.35 322.30 326.35 334.55 500.50 506.95 520.05

COMMODITIES AND AGRICULTURE Precious Metals continued GRAINS AND OIL SEEDS SOFTS B- GOLD COMEX (100 Troy oz.; Shroy oz.) LONDON METAL EXCHANGE

> 380.8 -1.5 382.1 383.1 7 1 381.2 -1.5 382.5 380.7 1,102 7,245 382.4 -1.6 424.0 424.5 100 6,447 383.9 -1.7 385.8 382.3 18,245 1,000. 285.3 -1.8 387.5 382.7 209 13,267 383.6 -1.8 382.8 382.2 683 8,948 283.7 198.285 1409.5-10.5 1432-3 20,267 190,595 M PLATINUM NYMEX (50 Troy oz.; \$/roy oz.) 
>  Oct
>  386,3
>  -22
>  380,5
>  587,6
>  1,498 12,811
>
>
>  Jan
>  380,2
>  -22
>  392,0
>  588,6
>  942 10,483
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>
>  Spr
>  382,6
>  -2.1
>  385,0
>  383,5
>  46
>  5,746
>
>
>  Jul
>  395,8
>  -2.1
>  387,2
>  396,9
>  22
>  624
>
>
>  Out
>  393,3
>  -2.1
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>  403,0
>  2
>  24
>  1242-8 2,000 25,000 IN PALLADRUM NYMEX (100 Troy oz.; S/troy oz.) 110.30 -1.20 - - 34 120.30 -0.35 122.00 120.50 452 7.73 121.00 -0.05 121.75 121.75 21 184 122.85 -0.95 - 1 111 223 4.882 E SELVER COMEX (5,000 Troy us.: Centertroy us.) 480.9 -7.5 490.0 480.5 98 151 481.3 -7.5 - - 19 10 4813 -7.7 486.0 484.0 45.310 71,088 482.0 -7.8 - - 24. 482.0 -7.9 504.5 482.0 1,285 11,575 483.0 -8.0 508.0 488.0 45 8,408 48,476 160,685 ENERGY CRUDE OIL NYMEX (1,000 barrols, S/berrol)

7340-45 7480-66 7400/7330 7380-86 7375-85 40,881 12,884 Labort Doy's price change High Low Vol let 22.30 -0.24 22.52 22.56 52.83 28.905 22.40 -0.20 28.17 22.87 37.346 79.166 22.48 -0.13 22.08 22.43 10,505 80,973 21.94 -0.12 22.17 21.94 8,073 28,311 21.94 -0.04 21.85 21.45 22.27 25,082 21.00 -0.06 21.15 21.00 2.436 18,205 8040-45 9075-85 8054/8044 8105-10 6135-45 6120/6100 grade (\$ pe 100,814408,808 1005.5-8.5 1012.5-3.5 1031-2 1039-9.5 IN CRUDE OIL IPE (\$/barrel) 036/1080 1008.5-9.0 21.50 -0.11 21.97 21.76 12.838 82.082 21.36 -0.09 21.50 21.31 5,365 37.015 20.56 -0.01 20.56 20.50 3,763 22.366 20.35 +0.04 20.43 20.26 3,065 11.017 19.44 +0.03 19.86 19.00 2,025 10.165 19.48 +0.12 19.44 19.41 1,420 4,630 E COPPER, grade A (\$ per ton 1910-11 1943-5 ME HEATING CALL MINEX (42,000 (15 gals.; calls gals.)

III LIME AM Official S/S rate: 1,5584 LIME Closing S/S rate: 1,5550 Sect 1.555 3 min: 1.550 6 min: 1.552 9 min: 1.553 HIGH GRADE COPPER (COME) III QAS OIL PE (Strong

77,930

Gold(Troy-oz) Close	\$ price 361.40-361,80	£ equiv	SFr aquiv
Opening	362.50-382.90		
Morning the	382.50	246,377	474,683
Afternoon the	381.75	245,467	473.560
Dey's High	362.50-362.90		
Dey's Low	381.10-381.50		
Previous ciose	363,10-363,50	•	

\$ price 286-389 2 equity. 248-250

**BOND FUTURES AND OPTIONS** 

WHEAT LIFFE (C per tonne) 105,75 +0,25 105,75 105,65 107,10 +0,90 107,10 106,25 106,85 +0,95 108,95 108,40

 
 Sup
 105.75
 +0.25
 105.75
 105.65
 32
 75

 Bow
 107.10
 +0.90
 107.10
 106.25
 174
 1,852

 Jan
 108.55
 +0.95
 108.95
 108.40
 121
 2,031

 Bur
 110.85
 +0.75
 110.65
 110.40
 16
 1,285

 Bur
 112.65
 +0.75
 112.50
 112.00
 20
 831

 Jul
 114.65
 +0.75
 114.50
 114.50
 23
 135

 Total
 114.65
 +0.75
 114.50
 114.50
 20
 831
 WHEAT CRT (5,000bu mirt; quarto/60th busins) E COCOA CSCE (10 zonnee; 6/tonnee) 421.00 - 44.25 425.00 415.50 13.275 45.422 414.30 + 3.25 418.00 410.50 2.006 13.184 400.50 + 3 402.50 309.00 213 1,070 811.75 + 2.75 302.50 304.00 514 - 5.241 304.50 + 2.5 305.00 304.00 12 33 309.00 + 1 307.00 305.00 18 30 Due Shr May Jai Sap Due Tubal Mar Mey Jet Sup Dec Total 12 93 18 38 17,018 87,365 W MAZE CRY (5,000 bu mire contaction bushel) W COCOA (ICCO) (SDR's/torne) Dec 314.25 +0.75 326.25 312.00 37,205191,339

Nor 321.00 +0.75 323.00 320.00 7,397 57,718

Nor 328.00 +0.75 323.02 320.07 7,397 57,718

Nor 322.75 +0.75 321.25 328.75 1,309 17,147

Nor 312.00 +1.25 313.00 311.00 282 2,491

Dec 301.75 +2 302.75 290.75 1,146 12,594

Total E COFFE LIFE (S/Estre) BARLEY LIFFE (£ per torme)

Sep Negr Jes Hay Yotal 101.50 +1.00 - - 13 103.00 +0.75 103.25 102.75 85 908 104.80 +0.75 - - 577 106.00 +0.75 - - 175 107.50 +0.25 - - 80 III SOYABEANS (2)T 5,000ku min; carrie/50th bushelf 795.25 +6 798.00 797.00 52,269 122,217 802.50 +6.25 806.00 798.00 5,324 38,161 809.25 +7 811.00 800.00 2,548 15,383 806.59 +5.25 800.00 802.00 1,435 14,216 808.00 +6 810.50 803.50 2,311 12,116 799.00 +7 799.00 797.00 28 232 SOYABEAN OIL CET (60,000ths: cents/b)

25.25 +0.19 25.51 25.00 3,918 13,141 25.55 +0.19 25.75 25.42 10,213 46,314 25.93 +0.2 25.80 25.77 1,302 7,822 20.22 +0.2 28.50 26.04 1,081 9,181 26.45 +0.21 25.46 26.37 402 5,854 26.57 +0.22 25.69 26.40 287 1,606 17,872 94,710 M SOYABEAN MEAL CST (100 tons; S/ton) Oct Dec Jan Mar May Joi Tubal 250.0 +0.3 280.2 257.7 7.994 20.081 250.1 +1.2 257.2 254.0 15,222 40,470 255.5 +1.4 255.3 254.0 1,450 7,869 251.6 +1.6 255.0 252.3 2,580 8,429 250.0 +0.7 251.0 246.5 721 2,646 26,627 61,625 POTATOES LIFFE (E/torne)

78.5 +1.5 - -78.0 +1.5 - -70.6 +1.5 71.0 70.0 79.0 +1.5 - -87.5 +1.5 - -86.15 -0.82 68.80 66.00 14,480 31,408 66.05 -0.45 86.55 65.08 8,290 26,955 65.70 -0.30 66.10 85.60 5,785 22,011 64.75 -0.25 66.15 64.75 3,697 21,883 63.00 -0.10 63.40 63.00 1,243 10,223 60.40 +0.20 60.60 80.25 326 4,910 35,573 144,222 M FREIGHT (BIFFEQ LIFFE \$10/Index point) Sap Oct Say Jan Apr John 1003 - 1003 998 1130 +5 1135 1125 1207 +1 1215 1200 1231 -0 1240 1230 1241 -9 -1100 -10 -48 101 16 104 10 Statt - Day's Deat price change High Low Vol Int

214.00 -1.50 215.00 213.25 5,906 25,532 207.06 -1.25 297.75 206.73 4,792 14,612 202.00 -0.75 202.25 201.50 1,958 15,608 196.75 -0.75 197.00 196.50 1,504 11,802 190.00 -0.25 190.25 188.75 367 2,759 182.75 - 183.25 183.00 150 3,638 12,000 23,919 M NATURAL GAS MINEX (10,000 pmBlu; S/ameto.)

Latest Day's price change High Lawr Vol 2/15 -0.048 2.055 1.975 28,888 24,3/2 2210 -0.047 2.255 2.117 12,043 28,394 2.400 -0.037 2.425 2.300 7.803 19,511 2.430 -0.027 2.435 2.300 5,368 15,032 2.305 -0.015 2.300 2.230 2.303 8,163 2.225 -0.022 2.249 2.200 731

WYNEX (42,000 US gails; of US gails.) 60.15 -1.17 91.80 90.10 15.818 21.701 60.05 -0.93 61.35 59.90 6.817 16.858 99.70 -0.84 90.80 59.80 3,198 8.278 59.45 -0.70 60.15 59.45 888 6.799 59.45 -0.10 60.00 59.75 428 2.118 80.20 -0.15 80.90 50.60 111 1,254 27.32 30.789

Dec Mar Mary Mary Aug Oct Duc; Total 328.7 -29 3222 328.4 1,283 8,876 328.8 -2.8 3322 328.6 521 8,316 325.1 -3.0 322.5 328.5 175 8,438 321.8 -1.7 335.5 330.2 18 1,240 322.8 -1.3 325.0 323.0 51 578 324.3 -0.5 325.1 325.0 20 349 51 879 20 349 2,882 24,526 # SUGAR "11" CSCE (112,000lbs; cents/lbs) Clet Mar Hary Jel Oct Mar Total 11.19 -0.25 11.45 11.17 5.506 22,754 11.21 -0.16 11.37 11.19 5.97 65.962 11.18 -0.09 11.27 11.13 1,006 21.401 10.91 -0.10 11.03 10.81 442 13,837 10.62 -0.05 10.93 10.81 343 2,746 10.75 -0.06 10.82 10.75 132 1,803 E COTTON NYCE (50,000lbs; cents/lbs) 1,324 Oct Dec Mer May Jul Set Total 74.03 -0.22 75.20 73.92 751 3.087 75.38 +0.11 76.40 75.20 7,358 28,419 76.44 +0.04 77.50 76.40 1,141 8,788 77.18 +0.04 77.80 77.00 233 6,854 77.85 +0.05 78.35 77.85 170 4,780 78.00 +0.10 77.90 77.90 - 990 1,473 337 W ORANGE JUICE NYCE (15,000lbs; ounts/lbs) 1,057 296 37 106.45 -0.40 106.70 106.00 306 6,629 106.20 -0.45 106.65 105.90 180 5,809

■ COFFEE (ICO) (US cents/pound)

M WHITE SUGAR LIFFE (\$/tonne)

E COCOA LIFFE (E/tonne)

1018 1033 1047

Date Mary Jef Sup Date Total

+13

+11 +11 +11 +11 +13

FUTURES DATA
All futures data supplied by CMS.

Spices
White papper trading remained very duli, this week, reports Man Production. Selling pressure should be starting to develop in Banglis but with the market ac tightly controlled, usual channels are being circumvented; and China cannot compete as stocks are still in the hands of the farmers. Black papper prices remained steady as sindia markets were closed for fastivales for most of the week. Indonesia and Brazil remained on the sidelines, meanwhile, with only an occasional seller appearing. Mustok white FAC: spot Ricteriam, USSA,700 a tomes; for October shipment, \$2,500 CIF, Black papper FAC: spot Ricterdam, \$2,500 CiF, Black papper prices shipment, \$2,500 CiF, Meddon phrento prices stabilised somewhat as the harvest seemed to be nearing to control of the service of the

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CST, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open interest totals are for all traded months.

108.20 -0.45 108.55 107.80 109.95 -0.40 109.55 108.55 111.95 -0.40 - -113.15 -0.40 - -

INDICES REUTERS (Base: 18/9/31=100) Sep 20 Sep 19 month ago year ago 1902.6 1901.5 1953.2 2127.6 ■ CRB Futures (Base: 1967=100) 

US

44 957 954 135 315 - 988 979 1.496 35,479 +1 1071 1000 1,276 40,801 -1 1024 1023 63 21,297 - 1038 1035 3 11,269 -1 1050 1048 41 3,788 Det Dec Peb Apr Jan Aug Total 64.200 -0.2 64.400 64.200 70 3,902 ILIVE HOOS CME (40,000ths; cents/fos) 1371 1359 2,089 31,405 1402 1393 358 17,152 1420 1417 42 8,120 1435 1451 32 8,021 1450 1445 21 6,518 978 2,540 77,177 57.500 +1.175 57.350 58.350 3.855 8.874
57.500 +0.45 57.500 58.860 2.852 14.771
77.125 +0.45 77.200 78.750 828 4.892
74.050 +0.25 74.100 72.700 109 1,774
78.275 +0.25 78.325 78.050 80 1.942
78.850 +0.125 75.925 73.800 10 440 Oct Dec Feb Apr Jan Jan Total M PORK BELLIES CME (40,000lbs; cents/fbs) 78.375 -0.375 78.600 77.875 2.390 4.908 78.425 -0.25 78.650 77.900 135 881 78.600 -0.9 81.450 79.400 115 339 79.975 -0.775 80.850 79.600 26 122 77.950 - 77.500 3 23 Feb Mar May Jul +3 1586 1582 97 1,385 -13 1502 1471 3,891 13,049 ine 1425 -13 1502 1471 3,007 13,009 13,009 ine 1425 -25 1455 1425 943 8,048 ine 1392 -23 1423 1392 239 3,384 ine 1375 -25 1400 1378 115 1,080 ine 1267 -25 1377 1375 17 284 5,302 25,106 **LONDON TRADED OPTIONS** Strike price & tenne -- Calls --W ALTRONIUM E COPPEE 'C' CSCE (37,500ths; certs/fbs) 103.80 - 105.20 103.40 5,159 13,983 180.55 -0.05 102.05 100.45 933 5,197 100.90 -0.35 102.10 100.50 215 2,042 100.65 -0.35 102.40 101.25 98 723 100.95 -0.35 102.50 102.50 59 203 101.25 -0.50 102.00 101.50 88 274 1350 ... 1400 ... 1450 ... 1850 ..... 1400 1450 1500 102 78 61 B9.15 M COCOA LIFFE BRENT CRUDE LONDON SPOT MARKETS IN CRUDE OIL FOR (per barrel) -0.065 -0.28 -0.165 Brent Blend (deted Brent Blend (Nov) \$21,75-1.80 \$21,77-1,80 W.T.L M OIL PRODUCTS NW \$200-211 +0.5 Gos Oli Heavy Fuel Oli Naphtha Jet fuel \$113-115 5212-214 Dissel M NATURAL GAS (Pa 13.30-3.90 +0.20 Petrolyum Argus (0171) 359 8792 2,825 806 205 234 Gold (per troy oz) \$
Silver (per troy oz) \$
Platinum (per troy oz.)
Pallacium (per troy oz.) \$119.50 Copper Lead (US prod.) 96.0c Tin (Kusia Lumpur) Tin (New York) 14.90r 282.50 -0.09 -1,50 Cattle (five weight) Sheep (five weight) Pigs (five weight)† 98.33p 116.88p 110.47p -0.29\* -3.64\* -2.48\* Lon. day sugar (rew) Lon. day sugar (wts) Barley (Eng. feed) Matza (US No3 Yallow) Wheat (US Dark North) Unq Unq Unq Rubber (Oct)♥ Rubber (Nov)♥ Rubber (KL RSS No1) 88.25p 88.25p 826.0v

Coconut Oil (Philis Palm Oil (Melay.)S Copra (Philis

H US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100%

+0-04 +0-05 +0-04

M NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

107-25 107-11 106-28

Soyabeens (US) Cotton Outlook'A' Index Wooltope (S4s Super)

al, CUF Re

107-27 107-12 108-28

122.12

121.11

122.05

\$737.52 \$532.5x

\$470.02

107-21 329,017 371,124 107-08 4,168 21,057 106-27 9 4,784

1260 \$

MEAT AND LIVESTOCK

68,050 -0.25 68,325 66,000 64,100 -0.15 64,200 64,025

E LIVE CATTLE CME (40,000abs; cents/fbs)

71.950 -0.55 72.500 71.600 4.524 29,654 67,150 -0.175 67.500 67.050 4,267 32,068

64.325 -0 175 64.550 64.150 1.692 15.683

WORLD BOND PRICES

MARKET REPORT in London and Lisa Bransten in New York

High-yield convergence was still on the agenda yester-day, as the 10-year yield spreads of Spanish and Italian bonds over German bunds continued to tighter.

After rallying by almost 1/4 on Thursday, Italian BTPs yesterday rallied by another as the lira strengthened to less than L1,004 against the D-Mark. Liffe's December BTP future settled at 118.75. up 0.63, after a brief spell above the 119.00 level in early trading.

In the cash market, the 10-year yield spread over bunds ended the session 8 basis points tighter at 287. A week earlier, this spread stood at more than 300 basis points.

Outperformance by Spanish bonos was even more pronounced. While the December bono future managed to rise by 0.81 to close at 105,28, in the cash market the yield spread over bunds to 197, a 25 basis point tightening over the week.

French OATs were also strong. The Matif's December notional future closed 0.28 higher at 124.20, while in the cash market, the 10-year yield spread over bunds dipped 2 basis points into negative territory from par.

Traders, however, reported switching by large institu-tions out of French bonds into the higher yielding south European markets particularly Spain.

US Treasury prices were flat in quiet trading early yesterday as traders awaited next Tuesday's meeting of the Federal Reserve's Open Market Committee.

Near midday, the benchmark 30-year treasury was up & at 96% to yield 7.036 per cent, and at the short end of the maturity spectrum the two-year note was

economic data due out before that day's FOMC

duchanger ar saw, herong
6.245 per cent. The December
30-year bond future managed
to climb % to 107%.
Prices were expected to
hold steady through Tuesday
as there is little important

BENCHMAI		COOM	Red		Day's		Week	Month
		Coupon	Oute	Price	change	Yield	são	<b>ago</b>
. introduce		6.750	11/06	91,6130	-0.060	7.97	8.10	8.11
DAC ISU		6.250	05/06	100,2400	+0.180	6.11	6.16	5.29
usida.		7.000	05/06	104.4000	+0.130	8.37	6.41	6.61
Migium		7.000	12/06	97,5600	+0.430	7.34	7.29	7.28
anado ,		8,000	09/06	105,9800	+0.180	7.10	7.18	7.23
Jermork	BTAN	5,500	10/01	100.9200	+0.180	5.29	5.33	5.47
manca	OAT	B.500	10/06	102,3200	+0.280	6.19	6.20	6.98
_		6.250	04/06	100,6800	+0.210	6.15	6.22	6.26
ormany B	THE STATE OF	8.000	08/08	105,6800	+0.560	7.18	7.28	7.56
olond		9.500	02/06	104.1300	+0.580	8.841	9.02	9.32
aly			08/01	121.0759	-0.040	1.77	1.83	2,17
apan	No 140	6,600	09/05	101.1087	-0.110	2.85	2.90	3.19
	No 182	3.000		117.6300	+0.200	6.03	£10	6.26
etherland	3	8.500	06/06	109,2600	+1.050	8.05	8.34	8.69
ortugal		9.500	02/05	104,2900	-0.800		- 8:48·	8.04
pain		8.800	04/06	90.1895	+0.450	7.62	7.85	8.23
wedon		6.000	02/05	103-12	-2/32	7.05	6.03	7.08
K Gate		8.000	12/00		+2/32	7.78	7.72	7.77
		7,500	12/06	99-01	+3/32	7.91	7.84	7.89
		9.000	10/08	108-11	+7/32	6.82	8.72	6.48
S Treasur		7.000	07/06	107-05		7.04	6.96	6.73
- 11-4-ED-C-		6.750	08/26	98-12	+8/32	0.52	6.68	6.81
CU (French		7.000	04/05	108,3000	÷0.580	de: jace		

Down LEG LIK on Johns Others of Charles ■ Real-time quotes ■ Forex data ■ Over 100,000 issues ■ News headlines .⇒ U.S. & int't data ... → As low as \$9/day! ► For info call 44+171 626 6181 ext. 4a

Petroleum Argus Oil Market Guides Petroleum Argus US INTEREST RATES Treatury BBIs and Bond Yields

M NOTIONAL FRENCH SOND FUTURES (MATIF) FR500,000 Low Est. vol. Open int. Sett price Change High 124.20 124.06 124.26 124.14 123.22 135,485 216,171 913 18,407 212 194 +0.26 +0.26 -0.16 123.88 122.90 123.22 122.98

E LONG TERM FRENCH BOND OPTIONS MATTE PUTS Oct Dec 0.05 0.12 0.26 0.56 1.10 121 122 123 124 124 125 0.03 0.15 0.83 0.50 D.83

 
 Open
 Sett price
 Change
 High

 98.12
 98.25
 +0.18
 98.33

 97.22
 97.29
 +0.18
 97.23
 Low Est. vol Open Int. 0.92 0.72 0.55 0.08 0.29 0.75 0.28

Germany

MI MOTIONAL ITALIAN GOVT, BOND (BTP) FUTURES (LIFFE)" Line 200m 100ths of 100% But voi Open Int. Open Sett price Change High LOW 119.10 118.20 118.75 +0.63 118.06 +0.63 118.20 CALLS 11950 11900 11950 1.42 2.24 1.79 1.17 2.51 . . 2.80 **Spain** IN NOTIONAL SPANISH BOND FUTURES MEFF Low Est. vol. Open int. Sett price Change High 105.70 104.66 117,085 75,784

UK E NOTIONAL UK GILT PUTURES (LIFFE) PS0,000 32nds of 100% Sett price Change High Low Est vol Open Int. +0-04 +0-04 108-13 107-26

■ LONG GILT FUTURES OPTIONS (LIFFE) 250,000 64ths of 100% Strike Price 107 106 109 Nov 1-10 0-98 0-17 Dec 1-32 0-61 0-38 1-51 1-21 0-62 0-56 1-21 1-60 0-01 0-27 1-24

E ECU BOND FUTURES (MATIF) ECU100,000 Open Settorice Change High Est, vol. Open int. 3,831 FT-ACTUARIES FIXED INTEREST INDICES

Open 122,12

Up to 5 years (22) 5-15 years (20) Over 15 years (3) Irredeemsbles (6) All stocks (56) 121.17 148,72 162.08 186.64 142.72 121.04 148.47 161.58 186.96 142.47 1.72 3.10 2.25 3.46 2.47 Sep 20 Sep 19 Yr ago Sep 20 Sep 18 Yr ago Sap 20 Sap 19 Yr ago High Low Low LOW 7.18 8.08 8.14 8.20 7.82 8.07 8.09 8.15 7.67 28/3 8.40 7/5 8.47 7/5 8.51 3/5 1,19 -0.61 3.34 -0.60 3.35 FT FIXED INTEREST INDICES GILT EDGED ACTIVITY INDICES

Sep 20 Sep 19 Sep 18 Sep 17 Sep 16 Vr ago High\* Low\* UK GILTS PRICES

Sep 19 Sep 18 Sep 17

7.86 7.77 88½ 7.81 89½ 7.85 7.77 100½ 8.77 7.51 121½ 8.12 7.85 100½ 8.12 7.85 100½ 7.86 7.84 100½ 7.86 7.94 100½ 7.86 8.82 100½ 8.81 8.82 100½ Tress 71<sub>2</sub>pc 2006##..... Tress 71<sub>4</sub>pc 2008##..... | Trems Ruc 200844 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7.16 | 7. Them 15 apr 1957/12
Buth 17 apr 1957/12
Buth 17 apr 1957/11
Them Car /r 1957/11
Them Sapr 1957/11
Buth 5 apr 1957/12
Buth 5 apr Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%, (b) Figures in perentheses show RP1 base for Indiands (8 8 months prior to issue) and have been edicated to reflect rebesting of RP1 to 100 in February 1987. Conversion factor 3,945. RP1 for January 1996: 150.2 and for August 1996: 8.05 108.2 8.98 7.83 782.01 8.06 8.98 1954.01 7.98 8.06 97.8 8.06 8.07 18.8 8.14 11874 8.05 8.13 13541 8.07 8.08 196.2 +5 1134 1043 +4 224 75 +5 1043 84 +2 1043 954 +4 1114 1092 +5 1014 1093 +5 1014 1093 +5 1014 1093 1.05 7.98 8.05 8.24 8.85 Other Fixed Interest First to Fitting Yamas
Tases Five 2007 ±1:
Tases Five 2007 ±1:
Tases Spec 2002
Tases Spec 2003
Tases Spec 2003
Tases Spec 2001-4
Tases Spec 2004
Tases Spec 2004
Tases Spec 2004
Tases Spec 2004 7.20 100-5 7.35 110-5 7.35 110-5 7.46 110-5 7.25 110-6 7.25 111-5 7.20 111-5 7.20 111-5 7.20 115-5 7.20 125-5 7.20 125-5 7.08 8.75 7.75 8.81 4.31 4.35 7.12 8.88 8.81 114.2 Controls for
784, War Loon Signification
10727 Conv Depo for Ad.
10827 Convent Signification
10827 Trans Signification
10827 Trans Signification
10837 Trans Signification - 434 - 634 - 634 - 33 8.12 5.83 2.40

Big hitters: markets on a run

# The fork in the Emu road

Call it the single-currency rap. The top line has occasionally wavered, but the bass has been unchanging: monetary union, any day, monetary union, come

A few weeks ago, it was just possible for UK politicians to dismiss this as empty Europop. But no longer. Sceptics can still debate the merits of the piece. like it or not, UK politicians will have to spend a large chunk of the time between now and the 1997 general election debating how, and whether, the UK could ever bring itself to play along.

Many on the continent would deny that the odds on Emu have changed so dramatically. For them, that the strong possibility of Emu is only now dawning in Westminster is proof that the UK is always several years behind the rest of Europe on matters communautaire.

They have a point. In the years since the Maastricht treaty was signed, Germany, France and others have scarcely made a secret of their desire to fulfil the convergence criteria and move forward with Emu. But European finance ministers meeting in Dublin this weekend now have a much clearer - and more credible - road map showing how they will get from here

It will be next spring, at the earliest, before anyone has a clear idea which countries are likely to qualify for the first wave of Emu entrants. If the continental European economies do not recover as sharply as hoped, this could leave many countries - including France and Germany - with public debt, or borrowing that is excessive by Maastricht standards.

Less likely outcome

However, a string of recent Europe has made this outcome much less likely. Contrary to expectations, the German government managed to get its budget austerity programme unscathed. With luck, this will reduce next year's budget deficit by more than 1 per cent of

By and large, economists have been more willing to believe in Chancellor Helmut Kohl's budget forecasts than those of the the French government - if its position will come to seem only because the German econ-

For some time now the omy looks set to recover much governments and financial mar- earlier than its neighbour. Yet kets of continental Europe have the draft 1997 budget, unveiled been singing the same tune. in Parls this week, showed that Call it the single-currency rap. the French had no intention of leaving Emu at the mercy of a last-minute fudge on its behalf. Better, by far, to announce the fudge in advance: a nifty transfer from France Télécom to the government, equal to 0.5 per cent of GDP. Assuming bravely, perhaps - that the economy behaves tolerably well, this ought to be enough to put But they can no longer doubt the deficit very close to the 3 the will behind it. Whether they per cent of GDP Maastricht tar-

> Le quick fix France was not the first coun-

try to resort to le quick fix and it will not be the last. The signs are that the determination to achieve Emu will trump the concerns of the budget purists, and France's creative accountwill be allowed through. Yet, as German officials well know, that will provide the northern core with very few arguments for rejecting southern upstarts keen to join the first wave. Having staked all on being among the founder members, the Spanish, Italian and Portuguese governments

will not take a rejection lightly.
Some hopeful UK observers
see all the fiscal hocus pocus as a sign of desperation. But in many ways the reverse is true: governments now have the confidence to fiddle the figures because they are equally confident that the final judgment will be made by politicians rather than economists.

The new spring in Emu's step will discomfit politicians of all parties at Westminster. But it is the Conservatives, already deeply divided, who face the real torture. John Major's government is paralysed by the increasingly bitter internal struggle within the Tory party over whether it should rule out now starling's participation in

on the backbenches probably. favour that course. But as Mr Kenneth Clarke, the chancellor, and a clutch of Tory grandees reminded the sceptics this remove what is left of Britain's influence in shaping Emu. Each week that passes between now and the election will demand a clearer position, and the government will be forced to prevari-

increasingly irrelevant.

# Bears' growls fail to frighten

As the world's stock markets reach new peaks, Philip Coggan examines the arguments over whether they can go higher

a difference. Ask any cricketer who has been dismissed for ust 99 runs. Only this week, Paul Molitor received rapturous acclaim as he became the 21st major-league baseball player to record 3,000 hits.

So when the FT-SE 100 index in the UK approaches 4,000 and the Dow Jones Industrial Average in the US edges towards 6,000, it is not surprising that the media start to pay more attention to the

But it can be easy to forget that reaching new peaks is the natural order of things for equity markets. Over the long term, profits rise with economic growth and inflation. The valuation that stockmarket investors place on those profits may vary from time to time, but the trend is remorselessly upwards. The Footsie has now risen nearly fourfold since it was launched in 1994

The past few years have seen ideal conditions for the US stock market in particular. "Thinking back over 15 to 20 years, I am trying to remember when the underlying US economic picture was as good as it is now," says Mr Jonathan Francis, head of global strategy at Putnam Invest-

ment Management in Boston. Inflation has been low, and occasional scares about price pressures, such as occurred in 1994, have come to naught. As a consequence, central banks and governments around the world have been able to allow interest rates to drop. In the US, the Federal funds rate averaged 9.4 per cent between the start of 1981 and the end of 1990. Since then, the rate has averaged just 4.5 per

The US economy has been growing steadily since 1992 at rates of between 2 per cent and 4 per cent a year. All in all, the US has seen a "Goldilocks economy", in which growth has neither been too fast to cause inflationary sures nor too slow to restrain profits, but "just right".

On top of that, the US corporate sector appears to have been able to cut its costs and become more efficient over the past 10 years. This is partly because of a shift towards greater flexibility in the labour market and partly because of the competitive edge given by the persistently weak US dollar. According to Goldman Sachs, the US investment bank, the operating profits of companies in the S&P Composite rose 15.6 per cent in 1999, 15.8 per cent in 1994 and 17.5 per cent in 1995.

The rest of the world has not n rosy con growth sluggish, particularly in Europe and Japan. Other markets have accordingly not kept pace. Since the start of 1991, the US stock market has risen by terms, while the FT/S&P Actuaries World Ex. US index has gained just 43 per cent. But the general tide of low inflation and

Federal fund Terget rate (%

boats and, as well as the US and UK, Frankfurt and Stockholm have recorded new market highs.

The key to further stockmarket gains, however, is the continuation of those favourable economic and monetary conditions. The US stock market stalled in the second quarter of the year as investors started to worry that the next move in US interest rates would be up.

Then, in July, world stock markets fell 4.2 per cent as investors became convinced that the US Federal Reserve would raise rates at it's August 20 meeting. The yield on the benchmark 30-year per cent.

But the mood abruptly switched as a series of economic statistics pointed to a slowdown. The Treasury bond rallied and so almost 109 per cent in dollar did equity markets. For much of this month, the markets have gyrated, as opinion about the outcome of next week's meeting of general tide of low inflation and the Fed's open-market committee low interest rates has lifted all has switched between a half per-

centage-point rise, a quarterpoint increase or no move at all. Overall, however, the markets

seem to believe that, even if the Fed does raise rates, it will not have to do so substantially. "The degree of interest rate concern is lower now than it was three months ago," says Mr Michael Hughes, global strategist for BZW, the investment bank.

In London, shares have also received a boost from a corporate-results season which has been generally better than expected and which has seemed to confirm that economic growth is rebounding after a sluggish first restrict the chancellor's ability to make further rate cuts, especially given the public opposition of the governor of the Bank of England, few believe he will opt to increase rates with a general election due by May 1997.

European growth may have been sluggish, but markets are benefiting from interest-rate cuts - the Bundesbank reduced Ger-

many's key repurchase, or repo, rate by three-tenths of a percentage point in August - and from hopes of a recovery in 1997.

There are also some who hope that European companies are discovering "shareholder value". A sign of this would be a wave of cost-cutting and demergers similar to that which has swept through the Anglo-Saxon corporate sectors and which would increase profitability.

Such "castle in the air" arguments make some investors and vous. There are planty of people who believe that the rally cannot

e among them is PDFM. the fund management group which is a subsidiary of the Union Bank of Switzerland. It has lower-than-average equity holdings and higher cash, because it believes equity mar-kets are overvalued. "This is arguably the most serious overvaluation of assets this century,"

PDFM said this week. Bears point to the Q ratio, a

market capitalisation to the net assets of companies at replacement cost. When Q is below 1. the market values companies at less than their assets and it is cheaper to buy a factory on the stock exchange than to build one.

Some have questioned the usefulness of the ratio, basing their objections on the way that land values are calculated. But even if land is excluded, the ratio is about 1.5, higher than at any time since the second world war. That ratio makes US shares look very expensive, as does the dividend yield on the S&P Composite, which, at about 2 per cent, is at a historic low.

Bulls believe that neither valuation measure is significant. The Q ratio can be dismissed, they say, because the modern servicebased economy does not need the same level of tangible assets required in the manufacturingbased era. Besides, says Mr Joe Rooney, global strategist at Lebman Brothers, "people should be willing to pay more for assets if those assets are genuinely more profitable".

ividend yields are not as significant for two reasons. First, US companies are growing fast and are reinvesting their profits in their business. Second, companies are returning cash to shareholders through share buy-backs which are more taxefficient than dividends.

Bulls also have ratios of their own which support their case. One popular valuation method in the US is to compare the earnings yield (company profits as a proportion of share prices) with the bond yield. A study by James Capel earlier this year found that this ratio had been one of the best predictors of US stockmar-

At the moment, the ratio shows the US market around the middle of its 10-year range and well away from danger levels recorded just before the crash of 1987.

Longer-term factors may also be supporting the US market. Mr Hughes at BZW says: "We believe the bull market has many years to run, although that is not to say that you can't have a setback for a quarter or two." He cites demographic factors, particularly an increase in the numbers of those aged 45-54, traditionally the ... age group which saves the most.

494.55

An increase in savings relative to the demand for capital should alter the fundamentals of the market, especially in the light of lower inflation. "I don't feel the valuation rules that have applied for the last 25 years are necessarily appropriate," says Mr Hughes.

In other words, it really is different this time. Bears have heard all these arguments before but for the moment. they are growling in the

# ·LETTERS TO THE EDITOR

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# A lesson in focus many have yet to learn

From Mr Julian Arkell. Sir, Tony Jackson argues that "the fashion for [managerial] focus has gone too far", saying that companies should "fix what is broken themselves; and they must extract value for their shareholders, instead of handing it to somebody else" ("A failure of managerial nerve", September

Mr Jackson may have lost sight of the competitive advantage that the focus on core skills also confers on the suppliers of services. No one company can be specialist and innovator in the many "producer services" needed by manufacturers because up to 70 per cent of the added value of their products comes from services such as market research, engineering design and testing, training, marketing, advertising, legal and accountancy, logistics and transport maintenance. catering cleaning and security.

Service companies can develop strong brand names through providing cost-effective. innovative services, through

quality-controlled delivery. Their clients cannot create the conditions in-house to retain such a range of heterogeneous skills, to attract highly paid managers and invest in continuing improvement, nor

reap possible economies of scale.

Instead they see the value of

retaining a handful of specialists who develop close relations with elected strategic supplying partners, and keep them on their toes by demanding high standards and service from properly qualified staff experienced in their field. In-house, non-mainstream departments are akin to monopolists in a protected market, with no incentive to become more cost effective and innovative. This is a lesson yet to be learned by many large corporations in continental Europe.

Julian Arkell, PO Box 41, Mussupta 2, 07712 San Clemente, Menorca, Spain

### Landing-slots issue more important than cabotage

Sir, Mr Robert Crandall, chairman of American Airlines, states: "There's no point in talking about it any more," when referring to the US government's position on cabotage agreements ("When less really means more", September 17). If this is so, then surely by the same token any concessions coming from the UK government for flights to third countries should be dealt with in

the same manner.
Just because other European countries were unable to negotiate a good deal for themselves with Washington doesn't mean that London should follow their lead. If the US wants access to third countries from Heathrow, then it has to be prepared to allow access to its

own internal markets.

The real issue is surely one of opening up landing slots at Heathrow. This should not be too difficult to arrange. Washington and London should leave aside the issue of cabotage and onwards travel to third countries and do a deal based on access to

John Dodson 17511 SW 83rd Ave, Miami. Fiorida, US

### Sweden to meet budget target

From Mr Svante Oberg. Sir, I would like to point out that Sweden certainly intends to meet the 3 per cent budget target, contrary to what was stated in your article "Mad dash for the line" (September 20), in the budget proposal

presented yesterday, the public

finances were projected to show a deficit of 2.6 per cent of gross demestic product in 1997 and to be in balance in 1998.

Svante Oberg. state secretary, ministry of fluance.

S-103 33 Stockholm, Sweden

## Research for Camelot not invalidated by being in commercial world

Sir, In his recent letter (September 12) Lord Haskel cited the work we undertook for Camelot, on employment creation as a result of the National Lottery, as an example of "contrived" research, and expressed surprise at The Henley Centre's acceptance of the brief. Most research undertaken in

the commercial world is limited

in its focus and to that extent it is "contrived". This does not provided the parameters of the public domain, it is even more with the Camelot research. As an organisation whose

reputation is built strongly on

invalidate the research, however. research are clearly stated. When the research is to be placed in the critical that such safeguards are put in place and this was the case

the rigour of our research and our independence and objectivity, we would be unwilling to undertake work that compromised our standing in any way. It is for this reason that the

Henley Centre retains full editorial control over any public for a particular client. While we would admit the fieraw is still for from complete

in terms of understanding the full economic, commercial, cultural and social importance of the National Lottery, we feel the Camelot research provides an additional dimension.

Ray Stone, head of leisure consultancy, The Henley Centre, 9 Bridewell Place London EC4V 6AY, UK



### THE -WALPOLE COMMITTEE IN NEW YORK

Established in 1992 The Walpole Committee's mission is to promote

Walpole Committee members represent the best of British innovation, style, technology, service and tradition.

On September 25, members of The Walpole Committee are hosting with the British American Chamber of Commerce an evening of British Excellence, A Garden Party at Tavern on the Green, located at Central Park West and 67th Street, New York City from 6-8 pm.

Taking part are: Arthur Brett & Son

Bettys and Taylors of Harrogate Chewton Glen Hotel DAKS Simpson

The Drambuie Liqueur Company William Grant & Sons Holland & Holland

Laphrosig -The Savoy Group of Hotels & Restaurants

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To RSVP or to receive additional information on this event, please call Melissa Mendenhall at The British-American Chamber of Commerce on (212) 661 4060,

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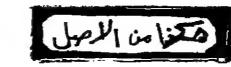
The Victoria & Albert Museum

The Dorchester

Financial Times

Henry Poole & Co.

British Airways



FINANCIAL TIMES WEEKEND SEPTEMBER 21/SEPTEMBER 22 1996

Ryutaro Hashimoto's skills as a practitioner of the ancient Samural sport of kendo - fencing with a two-handed bamboo stave have been much in demand in the past few weeks.

This typically Japanese martial art requires physical agility and deft timing to catch an opponent off-guard and strike a designated weak spot - at the throat forehead or arm. The right moment and unsettled opponents are exactly what Japan's prime minister has been looking for in picking a date for the country's next general election.

But he finally seems close to making up his mind. The cabinet yesterday ratified a decision by the three coalition leaders to recall parliament next Friday - to allow Mr Hashimoto to declare the date, which members of his conservative Liberal Democratic party expect to be in

At stake is the rehabilitation of the party, which governed Japan single-handedly for nearly four decades until 1993, a period of political stability that contributed to the country's formidable economic and industrial power.

The party was driven ignominiously into opposition at the last general election, in 1993, by an electorate fed up with political corruption and government by the obscure whim of its factional barons. Since then, Japan has been governed by Man in the News • Ryutaro Hashimoto

# Combative master of style

William Dawkins on the appeal of Japan's tough-talking prime minister

four wobbly coalitions, none of which has quite succeeded in building a new power structure to replace the old. In the latest, the LDP is the largest party in a fractious alliance with the centre-left Social Democratic and New Harbinger

This turbulence overlapped with the longest phase of economic stagnation since the 1930s, causing many voters - and indeed Japan's foreign partners - to wonder whether it can ever regain the self-confidence and economic clout of the last decade.

If recent opinion polls are a guide to voting intentions, the LDP is in the ascendant. But the reason is not that it. is popular, so much that its potential allies and opponents have become selfdestructively consumed by internal rivalries.

There are, however, risks in Mr Hashimoto's gamble. First, he would prefer to delay the election, but is being pushed to the polls by the rank-and-file which is impatient to capitalise on

the party's popularity.
Second, despite the LDP's lead in the polls, it still commands only 30 per cent of rivals such as Mr Ichiro

over the ball-out of bankrupt housing-loan companies. The undecided vote is more than half of the total, an unprecedented level which reflects the low esteem in which the Japanese hold the

governing class. To add to the uncertainty, the poll will be held under an untested new electoral system. This gives urban voters - who include a mass of disgruntled, over-regulated salarymen and young people with uncertain job prospects - more of a say, at the expense of hitherto

placid rural districts. Given the parties' lack of appeal, personal image will count for a lot in winning votes. Is Mr Hashimoto the man for the job?

If not the most likeable, he is certainly the most memorable modern Japanese politician. A master of style and detail, his is known for his Elvis Presley hairstyle, snappy three-piece suits and two well-publicised love affairs - neither of which, endearingly, seem to have left any rancour. These characteristics make Mr Hashimoto stand out against

popular support - partly Ozawa, the publicity-shy is his nationalism. Last because of the recent row leader of the opposition New month be paid a highly sym-Frontier party.

And yet there is a suspicion that the mind is not as refreshing as the style. Mr Hashimoto has been criticised by the opposition for failing to sketch out the hig picture of Japan's

His book A Vision of Jopan illustrates the point. It is well-stocked with photographs of the author meeting other world leaders, but concludes blandly that Japan's future should be to seek a position of pride in a peaceful and prosperous

Much has been made of

Mr Hashimoto's drive - yet this can also be a weakn when it expresses itself in outbursts of temper. In one famous incident, he nearly came to blows with a fellow politician who praised the decision to arrest the late Kakuei Tanaka on bribery charges. The former prime minister had been Mr Hashimoto's political godfather.

One aspect of Mr Hashimoto's personality which goes down well with the older generation, and with an expanding rightwing minority among the young,

month he paid a highly symbolic visit to central Tokyo's Yasukuni shrine, where Japan's war dead - including some war criminals -are buried. He was the first prime minister to do so in just over a decade, incidentally a sign of the party's

new-found confidence

Mr Hashimoto's break with previous leaders' reluctance to assert national identity alarms Japan's Asian neighbours, but has broad appeal in Japan. When he was minister of international trade and industry last year, his tough stance in the dispute with the US over access to the Japanese car market also went down well with the electorate. Voters were cheered to see a Japanese politician playing tough on the international stage, at a time when their selfconfidence was ebbing after a series of blows, such as the Kobe earthquake.

In fact. Mr Hashimoto was merely following the gettough brief written by his aucrats, at least in the formal pegotiations. But that, according to his critics. merely highlights his s: while a diligent finer points of quality checks on imported cars, he is weak on overall strategy. "He can tackle specific matters well, but he cannot draw a big picture to mobilise a large number of people," says Mr Minoru Morita, a leading political commen-

tator. "Like many other Japanese politicians, he doe have any clear political philosophy or ideology." If Mr Morita is right, this invites the question of whether Mr Hashimoto's attempt to strengthen the party's grip will bring any change to the way in which

economy is governed. The signs are that a Hashimoto election success will at least bring faster moving and more decisive government. This will be welcomed by foreigners, who have complained that the classic problem of doing business in Japan - not knowing who is in charge has got worse during the political upheavals of the past three years.

But it is not clear that a return to stable government under Mr Hashimoto will allow politicians to spend more time working on good policies and less in peddling influence. Optimists hope be will feel under enough pressure from the disgrantled or indifferent majority of vottive government and less on mere survival. For Japan. that much progress would



istory has been kind to Jersey. Since the end of the German ond world war, its political and economic stability have made the tiny Channel island a leading offshore centre for international financial services groups.

Forty-five banks, with deposits of more than £90bn, are registered on Jersey, which is also home to investment funds worth nearly £25bn.

But the island has recently been shaken by a row over regulation of its financial services industry which has led to accuse tions that its government is not up to the task of regulating those who use it for business.

"Our problem is an old one," says a businessman who has spent 25 years in politics on the island. "If a scandal breaks in the City of London it is a case of one rotten apple. If it breaks here it is just the tip of the ice-

year when two of the UK's Big Six accommissery firms, with combined fee income of nearly 21bm, said they were considering registering in St Helier, the island's capital. Price Waterhouse and Ernst & Young had chosen Jersey because its lawmakers were epared to legalise limited liability partnerships that would protect partners' wealth from legal actions launched against their fellow partners.

But what looked like a perfectly innocuous measure soon ran into trouble. There was anger among members of the States, Jersey's parliament, that the legislation was taking precedence over social measures. A vociferous minority accused the Tuesday, he hopes it will be Big Six of using the island to passed but plans to call for an blackmail the UK government into action.

There is an argument that says we have been used as a lever," says Mr Gary Matthews. a deputy in the States.

This led to allegations of conflicts of interest against Senator Reg Jeune, father of the house, for taking part in debates on the new law. He is also a consultant to Mourant du Feu & Jeune, a local law firm which helped Price Waterhouse make its approach to Jersey's legislators. Mr Jeune, who is retiring at the next election, said his posi-tion with the law firm was hou-

# A storm in the haven

Jersey's role as an offshore financial centre is under attack, says Jim Kelly



orery - he had ceased to be an active partner 10 years earlier. But another senator, Stuart Syvret, said the incident "reeked of sleaze" - and was thrown out of the States when he refused to withdraw the allegation.

The man who is steering the legislation through the States is Senator Pierre Horsfall, chairman of the finance and economics committee. When the law comes up for its final reading on inquiry into the affair.

We run this island as a partnership with the people who operate here," he says. "We only let the best in and there is nothing unusual in the industry feeding us ideas. We were offered their resources to produce a law we would want. They did not pay us any money - they were offering legal advice to our drafts-

Mr Horsfall believes the law will benefit Jersey's offshore fmancial industry by attracting more professional firms. "When people want to put their money offshore they go to their law-

But the chances of attracting more offshore business have not been helped by a simmering financial scandal. Dr Robert Young, a currency dealer, was arrested in the UK in August and taken to Jersey where he was charged with fraud in connection with foreign exchange losses of \$26.7m (£17.1m) between 1988 and 1993 allegedly suffered by 90 international clients of Swissbased investment managers.

The losses have sparked several legal actions - including a civil action by some of the intermediarles against Cantrade Private Bank Switzerland, a subsidiary of Union Bank of Switzerland. The action alleges the bank had used Dr Young as an agent, had "shut its eyes" to the losses and had failed to warn its clients. Cantrade strongly denies the charges, saying Dr Young was self-employed and in total control of the trading and

that it had no right to interfere. launched against Jersey's finance and economics committee, seeking a judicial review of its decision in 1994 not to undertake an investigation into the affair. When the issue came before the committee, its chairman was Mr Horsfall - a former non-executive director of Cantrade. Mr Horsfall's past interest in the bank had been voluntarily disclosed but with hindsight he says he should have excused himself from the deliberations.

These developments have led some to conclude that Jersey's authorities are not up the job of regulating the island's financial services industry. The overlap of commercial and political life, seen on the island as beneficial, has led to adverse comment.

Mr Horsfall can point to reforms in financial regulation already under way. For example, a Financial Services Commission will start regulating the industry in 1998.

But much is at stake for the island, which in 1993 got 52 per cent of its gross domestic prodnct from banking and finance. Such income has helped keep Jersey's income tax at 20 per fince 1940 and unemp ment below 1 per cent. The risk that oversees confidence might falter has already led some critics in the States to moderate their attacks.

# Rocky state of independence

a viable new state out of the ruins of the former Yugoslav republic of Bosnia and Hercegovina have hardly been improved by last Saturday's elections.

Of the three politicians elected to the republic's rotating presidency, two - Mr Momcilo Krajisnik, the Serb representative, and Mr Kresimir Zubak, for the Croats - come from political factions which have waged ruthless war to dismember Bosnia. As for Mr Alija Izetbegovic, the

Moslem leader who will be the collective presidency's first chairman, he is said by close advisers to be ready for a new war with the Serbs unless they accept freedom of movement on the territory they control. There is no sign that this demand will be ful-

But if all goes to plan, these and other local difficulties will be set aside in a few days as the new Bosnia's leaders swear to respect the constitution of a revamped, multi-ethnic homeland. Even if they get that far, however, enormous international pressure will be required to ensure they keep their word. The swearing-in ceremony will

usher into existence a loosely structured but functioning state in which the central government will be responsible for citizenship, monetary policy, foreign policy and border security. The two halves of this state - a Moslem-Croat federation with 51 per cent of Bosnia's territory and a Serb republic with the rest - will enjoy wide autonomy. But in diplomatic jargon, the new Bosnia will have an undivided "interna-

tional personality". To believe such an ill-starred project will succeed requires an enormous leap of faith. But if Bosnia is allowed to dissolve into violence for a second time, a terrible precedent will have been established.

"Western credibility has been tarnished enough in Bosnia," says Mr Michael Williams, a Balkan expert at the International Institute for Strategic Studies in London. "If the Dayton accord collapses, we would be heading back to the abyss."

Bruce Clark and Laura Silber on the prospects for stability in Bosnia



Party faithful: supporters of Alija Izetbegovic before the vote

tor in ensuring the first part of lished between Belgrade and Bosnia's complex electoral proess went ahead on September 14. The Americans over-ruled complaints from Bosnia's Moslems that freedom of speech and movement, guaranteed by Davton.

were far from being established. Washington's influence was also behind the decision to postpone until November the municipal elections. This could require a huge military effort to protect voters who insist on voting in home towns from which they were expelled.

And Mr Richard Holbrooke, the architect of the Dayton accord who returned to the Balkans to observe the poll, made a surprising prediction. The US envoy said Mr izetbegovic - whose reelection he clearly regarded as certain - would normalise rela-tions with Mr Slobodan Milosevic, the Serbian president and his erstwhile enemy, within the

next few weeks. It was a telling sign of the importance of US pressure in maintaining the peace process. Relentless pressure from Washington will be needed if full diplo-

US pressure was the main fac- matic relations are to be estab-Sarajevo, which would isolate the Bosnian Serbs, and undermine their aim of secession from the new Rossian state.

> Within hours of the news that Mr Izetbegovic had won, he was mapping out the future with a group of western mediators, including Mr Carl Bildt, the Swedish politician who is overseeing the civilian aspects of the peace process. Mr Bildt, who coordinates the work of a gaggle of multinational organisations, has drawn up a package of constitutional and economic measures which need to be passed quickly by a new Bosnian parliament on privatisation, citizenship, a new central bank and a currency

To appease ethnic pride, Mr Bildt suggests that Bosnia's new banknotes might carry different markings in different regions. But there are still fears the republic's legislature could be paralysed by quarrels over symbols. Most Serbs and Croats reject the fleur-de -lys, the flag under which the Bosnian army fought

Mr Bildt has to face the reality that on certain issues, he can simply be overruled by Washington. For example, he favoured bringing all three members of Bosnia's collective presidency to New York next week for the UN General Assembly - until he was firmly told by US officials that only Mr Izetbegovic would go.

the war, as a Moslem badge.

Irritating as these quarrels may be, western policymakers recognise the need to preserve the appearance of unity when facing Balkan power-brokers who are adept at exploiting divisions. In the words of Mr Michael Steiner, the German diplomat who is deputy to Mr Bildt: "The international community must stay here with adequate muscle, and it must speak in one voice, which will counteract the separatist ten-

For western mediators like Mr Steiner, the best hope of integrating the Serb entity into a loosely united Bosnia lies in making its citizens feel they have something to gain from the multi-ethnic state - and everything to lose by seceding. The international community's most powerful weapon is its control of financial aid, which it has insisted will be funneled through pan-Bosnian institutions.

According to Mr Steiner, the hardline Serbs have to be told firmly that that if they insist on abandoning Bosnia, "Republika Srpska will end up nowhere."

If economic aid is the world's

most effective carrot, observers agree the biggest stick has been the presence of well-armed Nato peacekeepers. While critics have described their mandate as too limited, they have had a big psychological effect in persuading all sides to stick to the agreement.

Almost every western policy-maker engaged in Balkan policy believes that some international military presence will be needed after next December, when Nato's mandate expires.

But whether the US - which holds Nato's peacekeeping effort together - is prepared to remain involved on the ground is still an open question. If it does not, the new Bosnian state may fare little better than its predecessor.

or 13 years, the for tunes, first of Lloyds Bank, and now of the Lloyds TSB group, have been so closely entwined with the personality of Sir Brian Pitman that it became almost unthinkable to contemplate what

might happen when he handed over the helm. Yesterday, Lloyds TSB signalled the beginning of the end of the Pitman era when it announced that Sir Brian's role as chief executive would pass next year to Mr Peter Ellwood, the former chief executive of TSB Group and now the combined group's deputy chief executive. Sir Brian, who turns 65 in financial services group, December, will move up to the chairmanship.

Few people have left a deeper mark, not just on Lloyds, which has seen its market value rise from £1bn to more than £20bn under his command, but on the whole UK banking industry. "He has been the most influential UK banker of the last 20 years," says Mr Richard Coleman, banking analyst at Merrill Lynch, the

# Trombone player's influential legacy

Sir Brian Pitman's record as Lloyds' chief executive has been remarkable, says George Graham

lifetime with Lloyds, which deal is to be completed, with he joined in 1952. But, when he took over as chief executive in 1983, the bank looked very different. It was the smallest of the UK clearing banks, with a particular strength in the international banking department, espe-

cially in Latin America. transformed by internal gage accounts department. restructuring and a series of acquisitions into a retail made his start at the age of almost entirely focused onthe UK domestic market. Its only significant international venture is a small

bank in New Zealand. Its most important business is now not sovereign debt but home mortgages. And Lloyds became one of the first banks to move wholeheartedly into life assurance when in 1988 it swapped its own £1.15bn life and unit-trust business for a

minority stake in Lloyds Abbey Life.

In 1994, Lloyds triggered an upheaval in the UK mortgage market when it paid £1.8bm for the Cheltenham & Gloucester building society. Today, Lloyds has been It was in the society's mortincidentally, that Sir Brian

Then, last year, Lloyds merged with the TSB in the first large combination of UK clearing banks for 30 years, creating what is today known as Lloyds TSB.

Perhaps as important as these completed deals have been the opportunities Sir Brian has spurned. These include fashionable acquisitions over which several of Lloyds' rivals have come to grief, such as retail banks in been left gasping by the the US and continental ruthlessness with which he controlling stake in Abbey the US. and continental ruthlessness with which he men - first Sir Jeremy tockbroker.

Sir Brian has served half a Life. Eight years later, that Europe, London stockbro- shut down or sold most of Morse, then Sir Robin Ibbs -



On the way up: Brian Pitman (left) and Peter Eliwood

of the 1980s or investment able merchant bank inherbanks in the 1990s.

He is notorious for his aversion to investment banking, which Barclays and of their operations. Competi-

kers during the deregulation Hill Samuel, the once-venerited last year with the TSB

merger. Looking back, Lloyds' path looks like a relentless march National Westminster have towards the huge purveyor tried to turn into keystones of home loans. He assurance and other retail financial tors and employees have products that it is today. But if Sir Brian and his chair-

have been clear about their overall direction, there have been a number of detours along the way. Sir Brian's first major

acquisition target was Standard Chartered, the Londonbased international bank with a strong presence in the Pacific region. The £1.27bn offer was rejected; had it succeeded, Lloyds might look very different today. Lloyds' £3.7bn bid for Mid-

land Bank in 1992 also failed. although banking analysts again believe Sir Brian was ahead of his time in recognising the cost-savings that could be achieved from a merger with another bank.

With such a string of deals, both successful and unsuccessful, it is easy to lose sight of the internal transformation that has given Lloyds one of the lowest ratios of costs to income in the UK banking industry and produced some of the hest returns to shareholders

the dubious honour of reporting a loss of £715m, the largest ever by a UK clearing bank, after taking a £1.76bn provision for Lloyds' sovereign debt exposure among developing countries. But Lloyds' profits have climbed from £591m in 1990 to £1.47bn last year, its workforce has fallen 25 per cent to 59,892 and its UK network by 16 per cent to 1,766 branches - though that has

now leapt again as a result

of the merger with TSB. Competitors are still not secret of Lloyds' success. They wonder how it manages to sell more insurance policies to its banking customers than they themselves do. Some hope that it will not continue to do so without Sir Brian.

That may be wishful thinking. Mr Ellwood, his successor, made Barclays'

itable that the bank stopped giving the figures separately. He had made some headway in improving the profitability of the TSB's retail banking business before last year's merger.

He may be a smaller and more reticent figure than the burly Sir Brian - he plays the violin, Sir Brian the trombone. But he is widely regarded as one of the ablest managers in UK financial services. The biggest question may

be how much freedom Mr Ellwood will have to run the group, where some of the managers are prone to making decisions less on their own judgment than on what they think Sir Brian might think.

It can safely be predicted entirely sure about the that Sir Brian will not be the most non-executive of chairmen. If he continues until the age of 70, like his predecessor. Sir Robin Ibbs, he could still be guiding Lloyds well into the next century.

But Lloyds shareholders. who have seen their shares increase in price from 86p to £10.50 during his tenure as chief executive, are unlikely credit card business so prof- to complain about that.

### **CURRENCIES AND** MONEY

# Franc fortified

### By Richard Adams

The French franc powered ahead against the D-Mark on currency markets yesterday. carried along by a tide of optimism on the propects for the establishment of European monetary union.

The franc bounced to its highest level for two months against the D-Mark, to DM3.389 by close of trading in London. It rose a centime and a half from its previous close of DM3,404 on Thurs-

Trading in the US dollar was quiet, as markets looked towards the next Federal Reserve monetary policy meeting on Tuesday for a possible interest rate

The dollar continued its trend upwards against the yen, to Y109.795 from against the D-Mark, ending at DM1.5149 from DM1.5140.

POUND SPOT FORWARD AGAINS

1,5544 1,5860 2,1281 11,7309 1,5551

CROSS RATES AND DERIVATIVES

100 53.55 60.74

(DM) 20.59 (E) 50.00 (L) 2.046 (F) 18.36 (NK) 48.16 (Es) 20.19

UK INTEREST RATES LONDON MONEY RATES

Cens of Tax dep. (\$100,000)

18.67 10 11.34

3.844 9.337 0.382 3.429 8.994 3.771 4.570 8.802 4.696 8.057

16.48 4.658 8.816 2.601 10 2.957

2,429 0,099 0,882 2,340 0,961 1,189 2,290 1,222 2,366 1,107 1,515 1,380 1,900

8.232 0.837 3.023 7.829 3.324 4.029 7.780 4.142 7.985 3.752 5.135 4.676 6.440

High 0.8655 0.6682

1-3 month

512

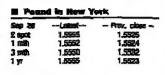
16.5753 +0.0546 660 - 846
48.5036 +0.1638 600 - 472
9.0566 +0.0201 527 - 805
7.0477 +0.0232 420 - 534
7.8845 -0.0074 844 - 876
2.3558 +0.0076 546 - 549
374.165 +0.681 963 - 347
0.9703 +0.025 969 - 710
2370.55 +3.96 947 - 198
48.5036 +0.1636 600 - 472
2.6411 +0.0086 396 - 425
10.0654 +0.1636 600 - 472
40.154 -0.076 075 - 234
198.221 +0.627 115 - 326
10.2904 +0.033 819 - 988
1.9282 -0.0005 269 - 284

+0.0035 539 - 548 +0.0052 855 - 865 +0.0018 271 - 290 +0.0925 240 - 378 +0.0042 547 - 555

Melca 1.8627 -0.0001 815 - 638 12.0253 +0.0338 214 - 291 55.5172 +0.1518 919 - 425 4.9363 +0.0165 301 - 404 70.742 +1.273 44 - 841 3.6893 +0.0148 875 - 911 2.2237 +0.009 220 - 253 40.8058 +0.1347 331 - 785 5.8326 +0.0165 307 - 348 2.1896 +0.0067 822 - 909 7.0042 +0.0467 822 - 909 7.0042 +0.0467 827 - 918 39.4724 +0.1159 387 - 918 39.4724 +0.11551 583 - 918

Other European currencies gained against the dollar, The French franc climbed almost two centimes, to FFr5.1351 from FFr5.1532. The Swedish krona soared to SKr6.6172, from the previous day's low of SKr6.6351.

Sterling profited from its position between the US and the Emu zone in Europe, by gaining against both the dollar and the D-Mark. It finished at \$1,5551, from \$1,5509. Against the D-Mark sterling finished at DM2.3558, up



French franc's success in breaking away from the FFr3.41 level against the D-Mark means fewer worries at the European Union finance ministers meeting in

Dublin today about the sta-

16,5236 18,544
48,3230 48,4096
9,0405 9,0428
7,0210 7,0433
7,9711 7,9703
2,3463 2,3509
373,473 0,9664 0,9664
2,965,80 2378,11
48,3230 48,4096
2,6827 2,635
10,0251 10,0559
10,0252 10,0252
197,669 188,481
10,2624 10,2626
1,8688 11,8688

16.5923 48.5480 8.0674 7.0630 8.0037 2.3598 376.367 0.9716 2374.07 48.5446 10.0623 240.294 198.334 10.304 1.9343

1.5562 1.5865 2.1297

12,0333 55,8490 4,9409 170,970 3,8973 2,2255

3.8973 3.8749 2.2255 2.120 40.8785 40.7324 5.8350 5.6168 2.1971 2.1638 7.0065 6.9729 1279.94 1272.95 42,7520 42,6356 39,4870 39,3650

2,000 1,071 1,215

0.412 1 0.041 0.367 0.404 0.489 0.943 0.503 0.970 0.458 0.668 0.782

1.5800

4,9236 189,980 3,8749

16.544 48,4066 9.0426 7.0433 7.9703 2.3509

23 24 18 0.7 21 25 -28 24 28 1.0 -21 -1.6 0.0 3.1

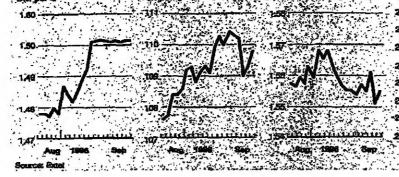
2.1274 0.4

170.017

48.2186 9.0225 7.0352 7.9463 2.3412

0.9686 2365.96 48.2185 2.623 10.0398 241.484 198.996 1.9129

Dollar



rates required for the suc-

Dealers in London said the franc's buoyancy against the D-Mark was due to optimistic "convergence" trades. Traders willing to bet that Emu will go ahead are happy to sell D-Marks to buy French francs, on the basis that the eventual Euro currency replacing both will be better value than the franc. Market traders and ana-

lysts in London said yester-

day the volume of D-mark/

47,4486 8,9147

2.6
2.4
47.4486
1.5
8.9147
0.7
1.9
7.8394
2.5
2.299
0.7
0.9641
-2.6
2.4
47.4486
2.4
2.4
2.5
1.0
9.9564
-2.2
-1.6
200.396
0.0
10.2888
3.3
1.8842

408,7 218,8 248,2

495,5 285,2 300,8

300.8 248.2 102.0 84.13 247.8 204.3 10.13 8.359 90.95 75.05 338.5 198.8 100. 82.51 121.2 100. 233.4 192.5 124.6 102.8 240.2 198.2 112.9 83.14 154.5 127.5 140.7 118.1 193.7 158.8

20.76 11.12 12.61

4.274 10.38 0.425 3.613 10 4.182 5.061 9.786 5.223 10.07 4.732 6.476 5.898 8,121

Dec Mer Jun

5.445 2.916 3.307 1.121 2.723 0.111 1 2.923 1.100 1.392 2.567 1.370 1.241 1.996 1.541 1.996 1.541

Est. voi Open int. 58,818 1,150 112

Six months

6

21,22 11,36 12,89

4.368 10.61 0.434 3.895 10.22 4.264 5.192 10 5.337 10.29 4.835 6.6125 6.025 8.286

3.975 2.129 2.415

0.818 1.968 0.051 0.730 1.915 0.808 0.973 1.874 1.928 0.908 1.240 1.129

Sett price Change 0.9217 -0.0033 0.9340 -0.0037 0.9504

2.062 1.104 1.262

1.252 2.865 0.424 0.803 1.031 2.194 0.042 0.696 0.898 2.113 0.416 0.896 0.505 1.074 0.972 2.085 0.519 1.104 1 2.25 0.470 1 0.843 1.368 0.586 1.247 0.866 1.247

High 0.9254 0.9340

1.5560 1.5560 1.5560

94.09 93.92 93.82 93.27 92.96

THREE MONTH STEPLING PUTURES (LIFFE) \$500,000 points of 1009

-0.01 -0.01 -0.01 -0.01 -0.02

ed on APT. All Open Interest tigs. are for previous day. **PLT STEINLING OPTIONS** (LIFFE) \$500,000 points of 100%

1,5500 1,5550

94.05 93.88 93.56 93.22 92.91

4,386 2,850 2,886

3.206 1.717 1.947

0.660 1.803 0.569 0.569 1.544 0.647 0.785 1.511 0.807 1.565 0.731 1 0.911 1,254

362.0 .2.557 188.5 1.369 213.8 1.563

0.526 1.278 0.062 0.470 1.231 0.516 0.626 1.205 0.543 1.240 0.583 0.797 0.726

72,45 175,0 7,199 84,63 169,5 71,07 86,13 165,9 88,54 170,7 80,22 109,8 100, 157,7

perhaps three times higher than the normally much beavier business between the dollar and D-Mark. Option-related orders

accelerated the franc's rally.

Two large US investment houses were selling D-Mark call options, dealers said. Some traders said the French markets had also been given a lift by the government budget unveiled this week, which predicted a 3 per cent budget deficit in 1997. The deficit figure meets

10.6567 31.1900 5.8238 4.5320 5.1344 1.5149 240.605 1.6027 1524.38 31.1900 1.6983 8.4725

154,430 127,465 6,6172 1,2399 1,5551 1,2538

0.9996 1.0199 1.3685 7.5485

7.7328 85.7000 8.1736 109.795 2.5010 1.4296 26.2400 3.7507 1.4080 4.5040 4.5040 27.5000 25.3825

DOLLAR SPOT

Europe Austria Belgium Dermeri Finland France Germany Greece Instand Instand Norway Powage Spain Sweden

one of the criteria in the Maastricht treaty for participation in Emu.

But the franc's strength could be undermined by a hostile public reaction to the budget. Mr Louis Viannet, head of France's CGT union, attacked the budget, but said he could not tell whether the public reaction would lead to

■ Interest rate speculation was still overhanging the currency markets in the US, with the main topic of con-

10.8580 \$1.2650 \$.8596 4.5525 6.1587 1.5070 1.5070 1.528.91 \$1.2620 1.7037 6.4983 1.2466 1.2562 1.2486 1.5562

0.9996 1.0192 1.3703

7.7333 \$5.9020 3.1766 109.940 2.5022 1.4307 26.2800 3.7509 1.4085 4.5080 624.900 27.5100

10.8992 31.135 5.8763 4.5255 5.1269 1.5122 1.6033 1529.13 31.136 6.4695 154,745 157,745 16,6169 1.2364 1.5344

51.1000 5,9185 4.5219 5.1280 1.5110 240.180 1.5000 1.520.11 51.1000 1.9938 8.4485 154.210 127.200 6.6052 1.2384 1.550.4

0.9995 1.0195 1.3682 7.5380

7.7328 35.5000 3.1703 109.470 2.4985 1.4267 26.2000 3.7504 1.4075 4.4875 820.000 27.4870 25.3750

162,493

195,792 2,15214 39,3950 1,91007 13,4383 7,28580 6,40608

109.35 2.5019 1.4329

3.7511 1.4044 4.5515

161.046 0.788185

0.788195 195.109 2.14665 39,4157 1.91499 13,4735 7.36485 6.48670

EUROPEAN CURRENCY UNIT RATES

+0.16 +0.001929

+0.00412 +0.0618 +0.00332 +0.00239 +0.00633 -0.02451

2.20 1.81 1.64 1.55 1.24 1.03 1.02 0.20 0.00

-0.35 -0.25 0.25 0.26 0.26 1.09

10.9972 51.0275 5.7984 4.5135 6.1129 1.5064 245.63 1.6041 1537.28 31.9275 1.6878 6.484 155.335 128.146 6.5187 1.2289 1.5289

108.45 2.508 1.4387

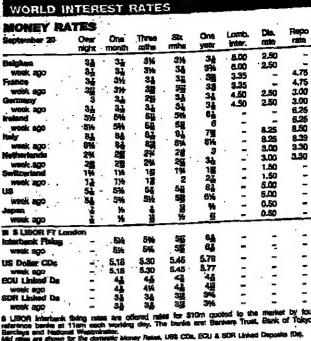
+0.005 \$54 - \$19 +0.02 700 - 100 -0.003 228 - 248 +0.0028 295 - 345 -0.0188 337 - 351 +0.0008 145 - 155 -0.285 550 - 860 +0.0001 020 - 034 -1.52 407 - 100 +0.00 7978 - 988 -0.0055 710 - 100 +0.00 380 - 480 +0.055 430 - 500 -0.0121 134 - 202 -0.0037 394 - 404 +0.0042 547 - 555 +0.0015 535 - 640

-0.0004 995 - 996 +0.0006 196 - 199 -0.0026 692 - 667 +0.039 410 - 460

-0.0035 617 - 625
+0.004 323 - 533
-0.007 - 0.07
-0.007 - 0.07
+0.018 711 - 761
+0.027 700 - 630
+0.0027 005 - 015
+0.0018 292 - 306
+0.015 000 - 800
+0.005 076 - 085
+0.005 076 - 085
+0.005 076 - 085
-14 100 - 200
+0.007 - 900 - 100
+0.007 - 900 - 100
+0.007 - 900 - 100

versation being next week's FOMC meeting. Many analysts expect a 25 basis points - a quarter of one percentage point - increase in the Federal funds rate.

Analysts were also talking about reports suggesting there was pressure from the regional Federal Reserve member banks to raise rates. The reports quoted a "dove" at the central bank as saying a small increase "won" affect the economy" and



Sep 20 could be easily undone if it 235775636

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m Third	E MONTH	PISOR FO	TURES (	MATE)Pa	is Interberi	citiered mi	to (FFr 5
	Open	Sett price	Change	High	Low	Est. VO	
Dec	96,22	96.24	+0.03	96.27	96.20	53, 125	58.16
Mar	96.18	96.19	+0.03	98,22	96.16	7,455	39,25
Jun	96.05	96.08	+0.04	96,08	96.04	202	24,1
					•		
of Type	E MONTH	EURORIA	NK PUTU	75 (LF	FE) DM11	n pointer of	100%
	Ореп	Sett price		High	Low	Est. Vol	
Dec	96.81	96.81		96.82	98.80	23180	2268
Mar	96.71	96.71	+0.01	98.72	98,70	16092	2060
Jun	95.52	96.52	+0.01	96.53	96.51	11962	1818
Seo	96.24	96.25	+0.02	96.25	96.24	8168	1257
E 1784	E MONTH	EUROLIA.	A FUTUR	ES (LIFF	E)* L1000n	points of	100%
	Open	Sett price	Change	High	Low	Est. vol	Open
Dec	92.04	92.08	+0.06	92.11	92,03	24928	5921
Mer	92,40	92.44	+0.07	82.48	92.38	7796	3070
Jun	92,54	92.57	+0.06	92,61	92.54	3366	239
Sep	<b>92.58</b>	92.58	+0.05	92.65	22.55	1714	1184
S THE	MONTH IN	MO SWIES	MANG FU	LOSSES (T	FFE SF1III	points of 10	C%
	Open	Sett price	Change	High	LOW	Est. Vo	Open
Dec	98.07	- 98,15	+0.09	98,19	98.07	10601	4413
Mar	97.96	98,04	+0.10	<b>98.10</b>	97.98	6461	1917
Jun ·	87.74	97.80	+0,08	97.84	97.74	1734	777
Sec	97.55	27.53	+0.05	97.56	-97.52	424	218

ist voi Open int. 44136 19177 10601 6461 1734 424 Est voi Open int. 99.35 99.18 96.99 +0.02 +0.01 +0.01 95.77 95.77 95.65 95.46 95.81 95.78 95.87 95.47 +0.04 +0.03 +0.06 +0.06 95.82 95.79 95.87 95.46 95.77 95.77 95.65 95.46 1084 319 41 88 Dec Mer Jun Sep 93.89 93,70 93.90 93.71 JUEN JUEN

Strike			CALLS -			—. P	UTS	
Price	Oat	Nov	Dec	Mer	Oct	Nov	Dec	Ma
0675	0.08	0.10	9,12	0.15	0.02	0.04	0.06	0.19
9700	0.01	0.02	60.0	0.06	0.20	0.21	0.22	0.95
1700	O.	0	0.	0.02	0.44	0.44	0.44	0.56
	\$1188 I	TLANE		(CR.LE)	Set Imp			
Striker Price		ec ·	CALLS -	Jun	Dec	— Р	urs —	Jun
Striker	0.		CALLS -			- P	urs —	Jun 0,57

	BA	SE LENDING	RA'	TES	
	%		%		- %
Adem & Company .	5.75	Oppnus Popular Bank	6.75	Nat/Westminster	6,75
Affed Trust Bank .	5,75	Duncan Laurie	5.75	@Rea Brothers	5.75
AIB Bank	5,75	Exceler Bank Limited	6.75	Royal Bk of Scotland	5.75
OHenry Ansbeghe.	6,75	Financial & Gen Bank	7,00	<b>OSinger &amp; Friedlander</b>	5.75
Bank of Baroda	5.75	<b>GRobert Fleming &amp; Co</b>	5.75	<b>GSmith &amp; Williams Section</b>	5.75
Benco Bibso Vizosya	5,75	Okrobank	5,75	. Scottish Widows Bank	5.75
Bank of Cyprus	5.75	<b>OGUITMOSS Mahon</b>	5.75	. TSB	5.75
Benk of Ireland	5.75	Hebib Bank AG Zurich	5.76	United Bank of Kuwait	5.75
Bank of India	5.75	Witembros Bank .	5.75	Unity Trust Bank Pic	5.76
Bank of Scotland	5.75	Hertable & Gen Inv Bit	5.75	Western Trust	5.75
		***		****	-

C. House & Co

Coute & Co Crede Lyonneis

. 5.75

Dec 0.27 0.14 0.18 0.30 - 0.47

Sep. 20	-	2		4
Czach R	41.5323	- 41.5	847 26.714	- 26,7340
Hungary				- 153.990
ím)				- 3000.00
<b>CONST</b>			70 0.2997	
Polent			76 2,7930	
<b>Rotein</b>				- 5402.00
UAE	5.7073	- 571	34 3.6710	- 3.6730

FT GUIDE to WORLD CLIRRIENCHES The FT Guide to World Currencies table can be found on the Markets page in Monday's edition.

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THE Macmillan APPEAL

people with cancer and their for Regd. Charity No. 261017

# The Financial Times plans to publish a Survey on

# Polish Service **Industries**

on Wednesday, October 30.

For further information please contact Patricia Surridge on Tel: +44 171 873 3426 or fax +44 171 873 3204 or your usual FT representative

FT Surveys







وجمع لأشاها

Region of the second i ≹UK Gop.s. ■ UK Capital C ÷ ...

Smaller Constitution 25 m

■ AK Income

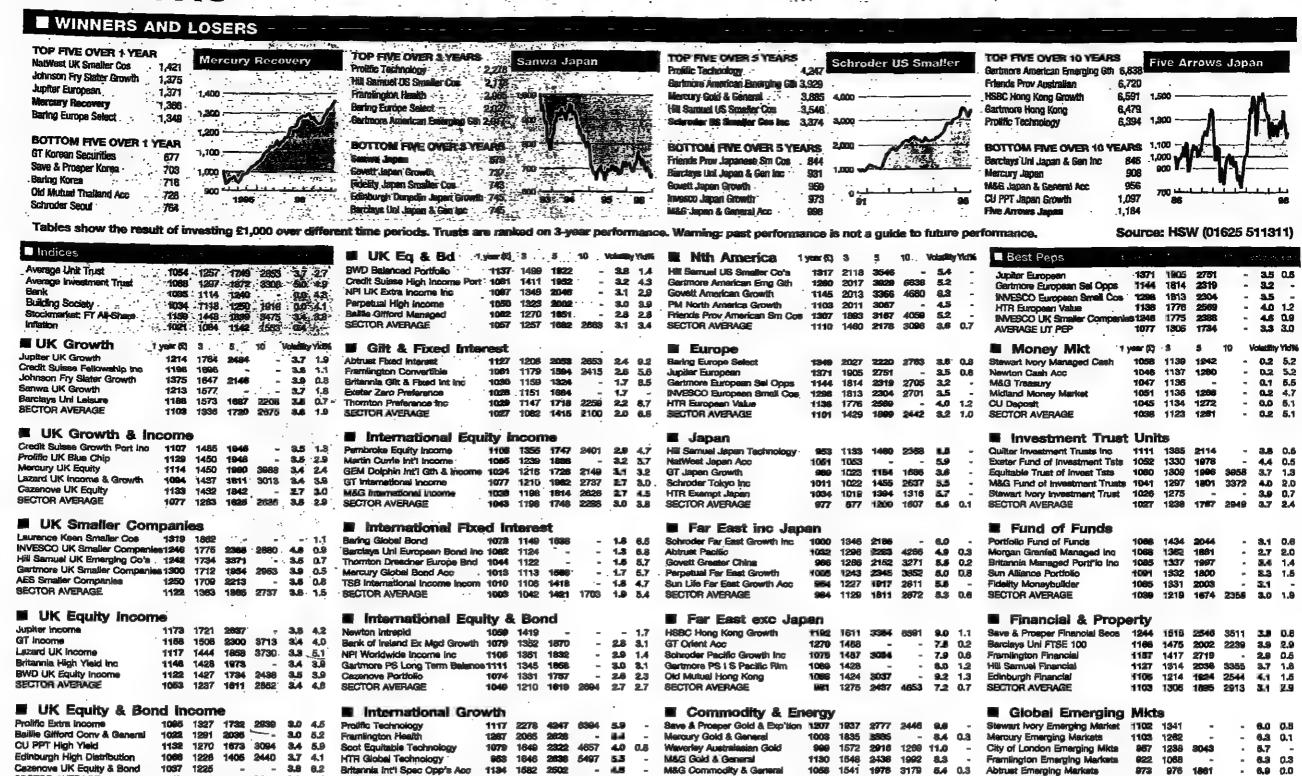
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# **UNIT TRUSTS**

Emple: marks



SECTOR AVERAGE

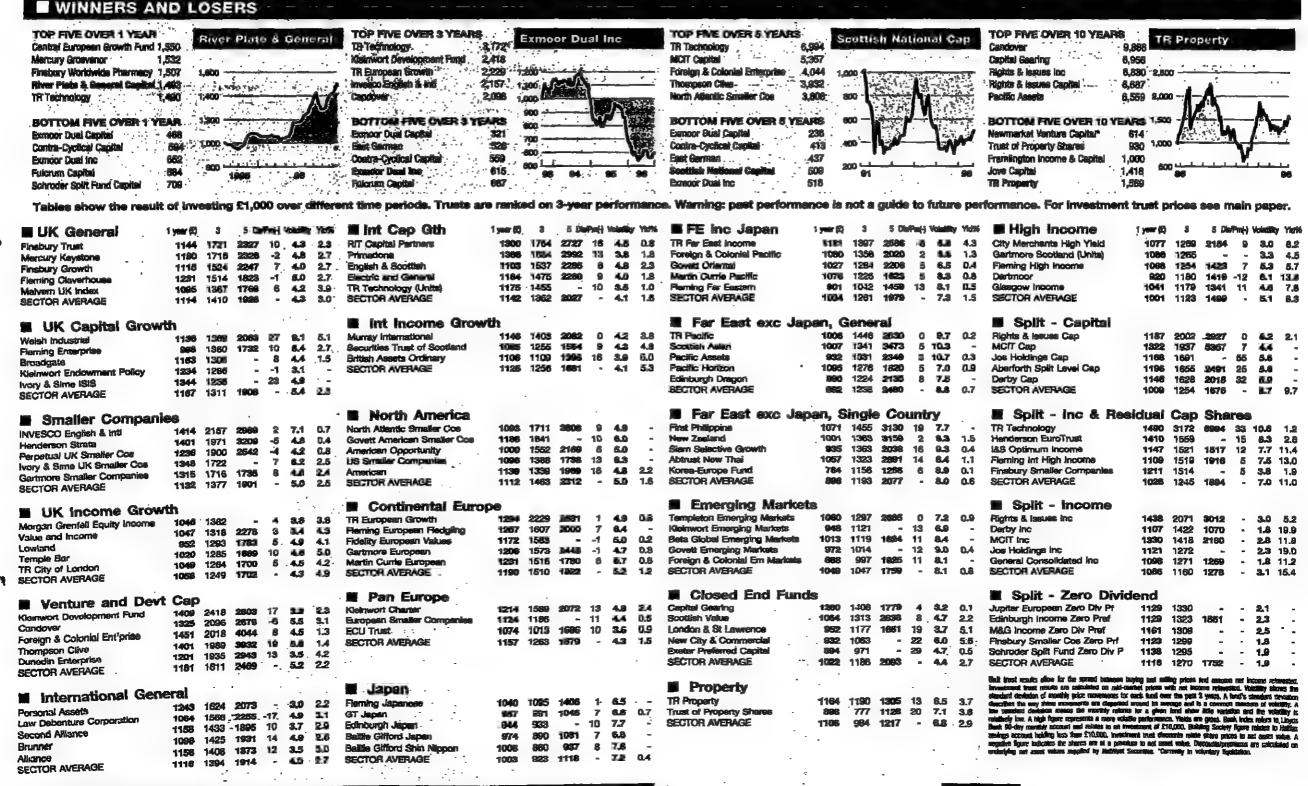
### INVESTMENT TRUSTS

SECTOR AVERAGE

1149 1515 2418 2.9 5.7

SECTOR AVERAGE

1257



### II UNIT TRUST LAUNCHES

Sections - Compan country PSF - Marriage - Charges Ingole PSF - Marriage - Charges Turbon - American - Charges - Cha les Fund E Eurpeen Smaller 1.25 No. 1,000 5... 1.25 No. No Yes Yes 5 Int Equity Growth MSG (0171 626 4588) The fund is designed

### Glossarv

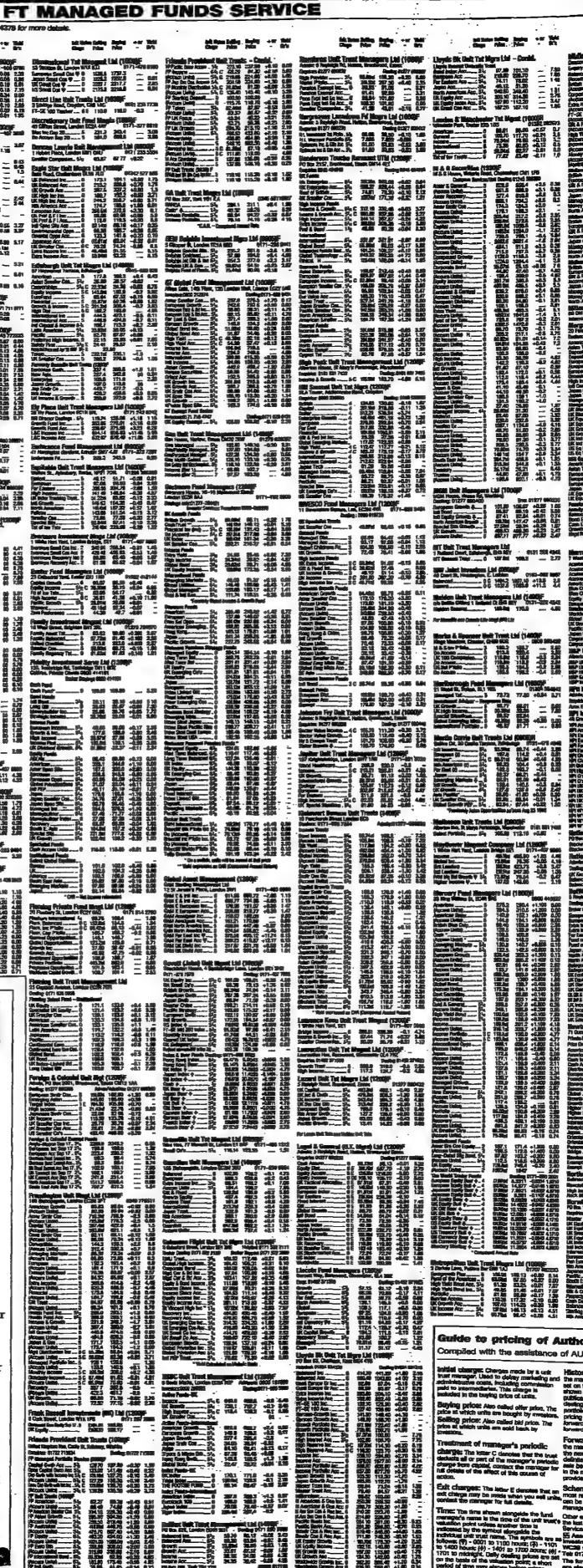
Performance: Tables like these are full of traps for the unwary. Trap 1: don't expect them to tell you which trusts will do best in future – they are merely a historic record. Trap 2: don't make mipute comparisons of unit and investment trusts - the unit trust figures take account of the spread between buying and selling prices; the investment trust ones take mid-market prices in both cases. So comparisons

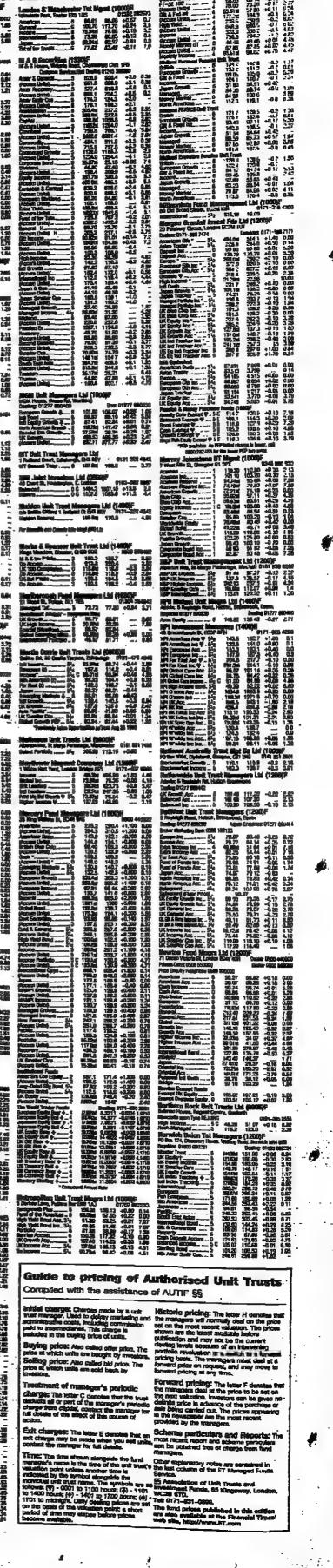
Volatility: Shows the absolute variability of a trust's performance. As a rule of thumb, the more volatile a fund's progress, the higher the return investors demand from it to compensate for the additional risk. Unusually volatile funds should be avoided by anyone investing over the short or medium term or those who cannot afford big losses. But investors who can afford to take a long-term view may want to have some high risk/ high reward trusts in their portfolio to spice it up.

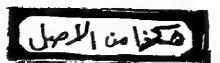
Yield: Even this has traps for the unwary. Most unit trusts charge their management expenses against income, so the yield is net of expenses. But a recent rule change means that trusts are allowed to charge some or all of their management expenses to capital, thus inflating the yield. Our managed funds pages identifies those trusts which charge to capital. Investment trusts used all to charge expenses against income, but some now charge some against capital.

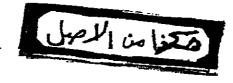
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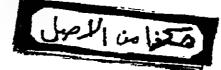


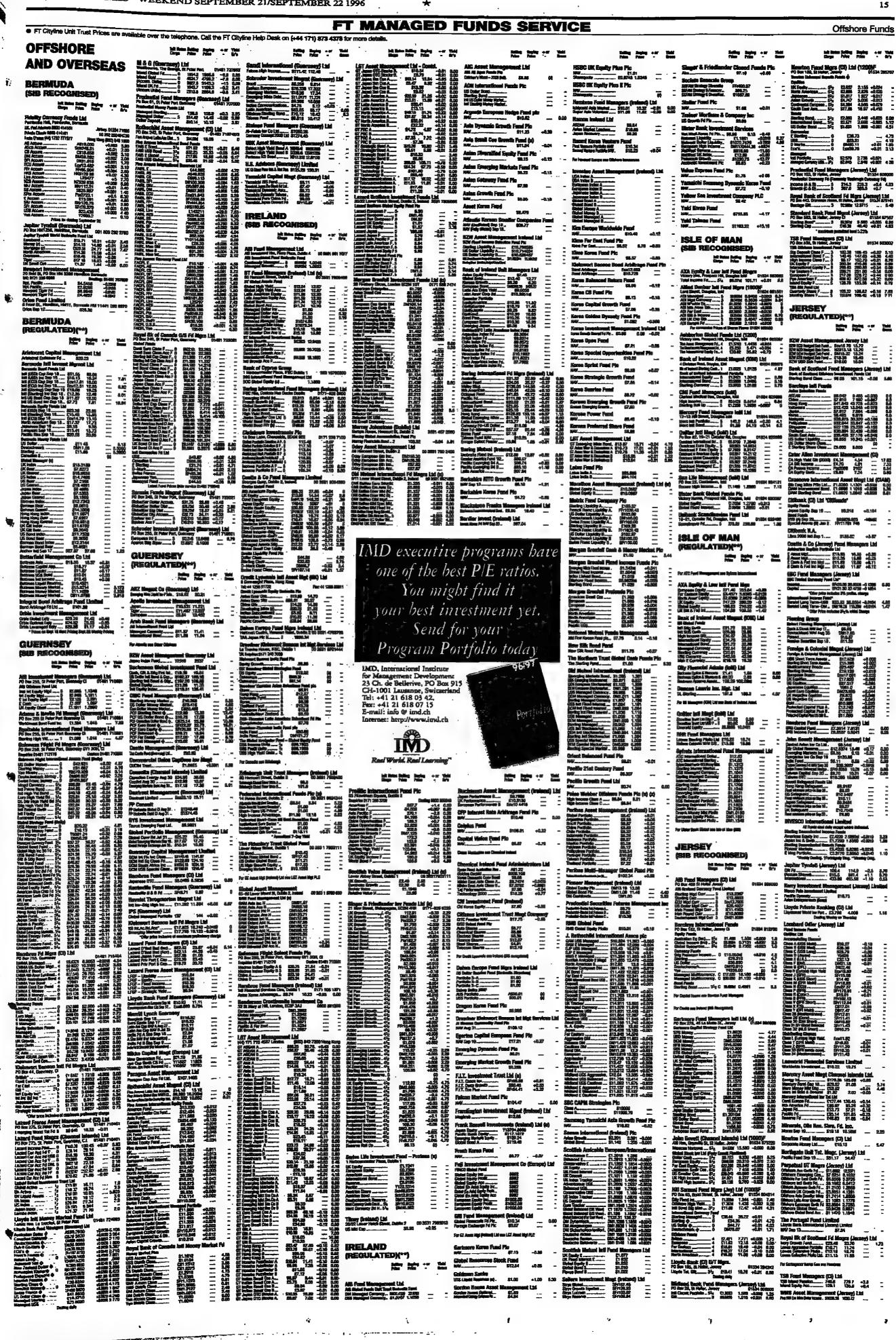




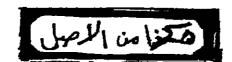
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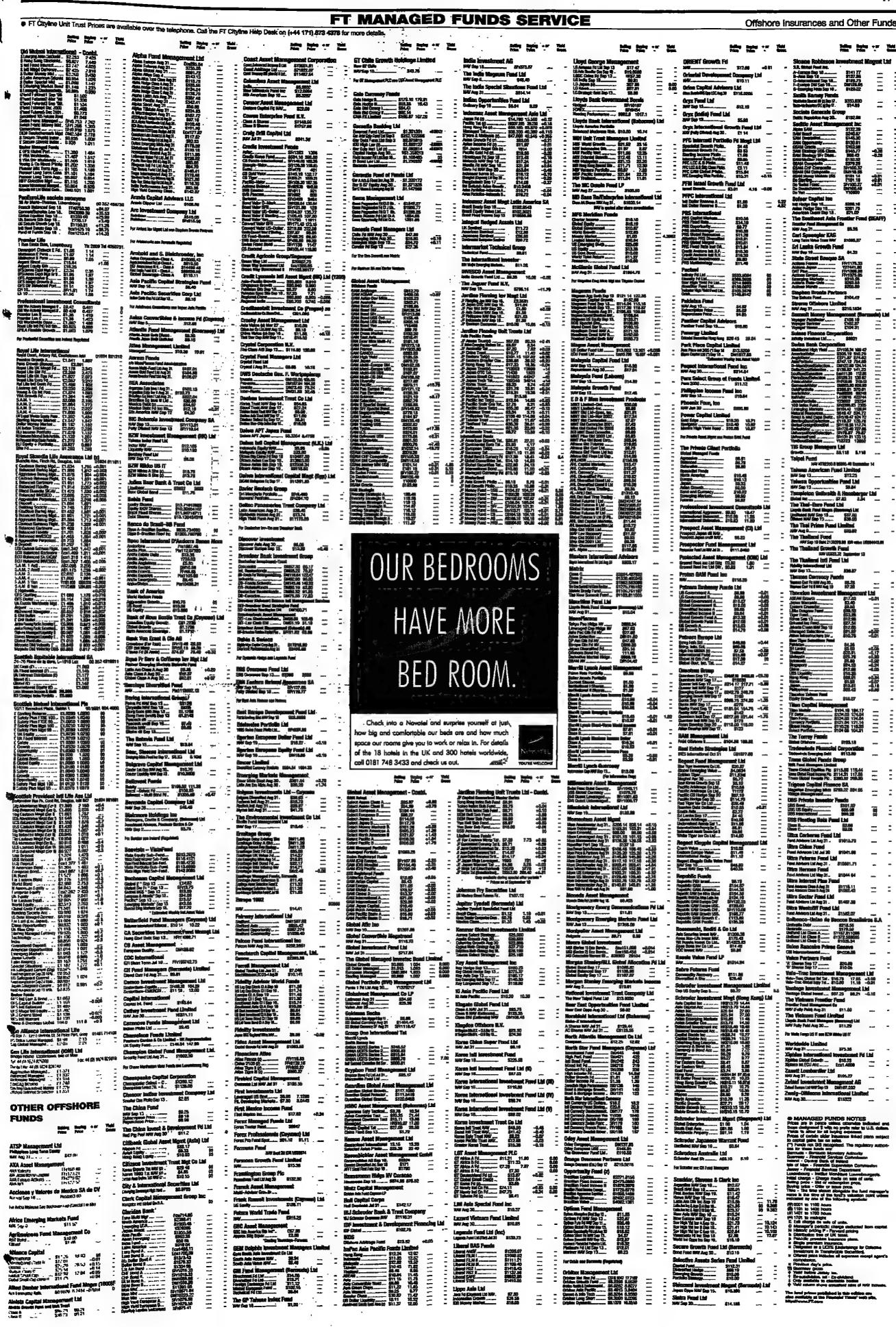




16 ★	FINANCIAL TIMES WEEKEND SEPTEMBER 21/SEPTEMBER 22 1770
Offshore Funds and Insurances FT MANAGED FUNDS SEF	RVICE
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In Europe's crowded skies,

Rockwell Avionics plays a

key role in promoting

safety and efficiency.

🥠 Rockwell

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US INDICES THE TY High Low High

4 5677.36 5004.83 5004.20 5032.94 56 (1687) (1071) (16 (1677) (1 1908 High Low 41.22 (67/32) 54.99 (V10/81) 13.23 (67/32) 16.53 (67/32) 5889.26 (16995) 169.77 (18/10/23) 2298.20 (22/5/96) 256.46 (31/8/23) (Theoretical | Billion | 1949 | Billion | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2 063.96 (16/9/96) 819.05 (19/9/96) 71.94 (16/9/96) 614.89 (22/5/96) 1249.14 (5/6/96)

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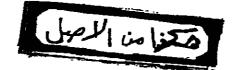
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### **WORLD STOCK MARKETS**

# Dow near peak, awaiting new data Tel Aviv bounces on

US shares were higher at midsession although there was no new economic data released to give WALL STREET guidance about whether the Federal included Boeing, \$1 stronger Reserve's Open Market committee would raise interest rates at Tuesday's meeting. writes Lisa Bransten in New York.

active due to the expiration of options and futures on shares and share indices known as "triple witching." By 1 pm more than 337m shares had changed hands

on the New York Stock of volatility at Microsoft. Exchange. The Dow Jones Industrial Average was up 19.98 at 5,887.72, less than 2 points shy of the all-time record set on Monday. Mean-

500 was holding a gain of \$187% in the wake the TORONTO reversed early higher by further gains in 3.07 at 686.07, just past its all announcement, after the modest losses to push share the benchmark Telebras 0.35 higher at 565.79.

Rising shares in the Dow at \$93%, Procter & Gamble which climbed \$1% at \$92%, and United Technologies which advancing \$1 at Trading was especially nies in the Dow were also \$119%. All three oil compastronger. Texaco added \$1% at \$96. Chevron was \$1 stronger at \$62% and Exeron added \$1% at \$87.

Technology shares were particularly strong in spite The Nasdaq composite was 6.50 stronger at 1,218.59 and the Pacific Stock Exchange technology index gained 0.9

per cent.

trust investigation of the company, this time related to its Internet browser software, internet Explorer.

That news helped Netscape communications to jump \$4% or 9 per cent at \$49%. Netscape and Microsoft have been locked in a fierce battle for control of the internet browser market. Online service companies also gained. America Online was up \$2 or 6 per cent at \$85% and CompuServe gained \$% or 5 per cent at

Ventritex added \$3 or 19 per cent at \$18% on news that the FDA had approved that sale of its implantable

time record, also set on Mon- market closed on Thursday, prices back on to the upside stock and by midsession, the day. The American Stock that the Justice Department at the end of the morning Bovespa index stood 642 up Exchange composite was had opened another anti- session. At noon, the TSE- at 66,244. Telebras preferred 300 composite index was up rose 1.8 per cent. 5.49 at 5,281.51.

Golds, hit by a weak bullion price, were the laggard sector with a decline of 1.11 per cent. Banking shares topped the sector rankings with a gain of 0.74 per cent. CARACAS was higher in active trade and by midses-

sion, the Merinvest composite index was at 4.51 higher at 240.25 as foreign investors continued to take positions in the market. Analysts noted that the market's raily over the pre-

vious five sessions, during which time it rose 5.5 per cent, had been largely sparked by foreign demand. SAO PAULO was led

### SOUTH AFRICA Bullion price worries got

the better of sentiment in Johannesburg and at the close the overall index was off 4.0 at 6,935.3 in spite of solid demand for industrial stocks. Industrials ended 14.8 alieni at 8,190.2.

But most of the day's action was in golds were the index came off 21 to 1,737.9 after bullion dipped below the \$382 level. Dealers said the sight of a silver price sliding to an 18-month low had been the main reason for the weaker bullion price

profit in the first eight months of the year was SFr67m, against SFr68m a

Surveillance, the quality control company, lost SFr90 to SFr2,840 after a 11 per cent rise in first half net profits failed to match some expectations.

**HELSINK!** finished higher us underlying strong sentiment revived in spite of some nerves ahead of the US Federal Reserve meeting next week. The Hex index rose 8.97 at 2,139.06.

Sampo rose FM11 to FM315 in lively trade as falling interest rates boosted expectations of higher investment income for the insurance

Silja, the ferry operator, jumped FM5 to FM37.00 on a late traffic announcement which was seen capping its losses in the UK.

Kemira rose FM1.70 to a record high of FM53.20 on hopes that its planned issue would pull a high price. Konecranes, the crane manmfacturer, also set a record. up FM4.60 at FM129.70, on buying ahead of its results due next week.

Morgan and Jeffrey Grown

# bond market in July.

strands have combined to propel the Israeli market higher over recent weeks. The Middle East peace process could be back on track; government intervention in the bond market has stabilised yield differentials; and there has been a highly visible outbreak of corporate takeover With an extra push from a

than \$60bn.

support for bonds

long-awaited handshake in early September between Mr Benjamin Netanyahu, the aeli prime minister, and Mr Yassir Arafat, president of the Palestinian Authority, shares in Tel Aviv have recovered strongly over the past month, mitigating a midsummer crisis in the capital markets.

activity.

Constituents of the benchmark Mishtanim index have ained about 14 per cent in the past three weeks.

Purchases of bonds by the Bank of Israel have narrowed the differential between equity and debt returns at a time when investors have plunged back into the share market on the back of takeover rumours and battles for control of a number of companies.

At the same time, evidence that the economy is slowing has been construed as good news for shares as it showed "interest rates are on their way down or are going to be on their way down", says Mr Gad Haker, at Batucha Securities in Tel Aviv.

The two main reasons for the rally, he says, are the "buying frenzy" in companies such as Africa Israel and Tempo, which have been the subject of struggles for control, together with a 2 to 3 per cent rise for bond prices. "The big issue is the bond market. We saw a real slide in the market in late July and early August," Mr Haker says. "The government had to step in, and now

strong reversal." To stave off a public flight from provident funds - popular 15-year savings instruments – the Bank of Israel

you are seeing a really

**Hene Prusher** reports that buyers are returning

Its bond purchases totalled August, bond yields came down and this relieved some his government. of the selling pressure on provident funds which had begun to look unattractive to investors. According to estimates given by one Bank Hapoalim official, the underlying capital value of Israel's provident funds totals more

The provident funds crisis, partly blamed on high interest rates, served to dent Mr

Netanyahu's approval rating during his first few months in office. The appearance of an ailing capital market fuelled worries that his hard-line polices on Middle East peace making would exacerbate a sense of political uncertainty.

However, the subsequent summit between the Israeli and Palestinian leaders, and the renewal of talks between senior-level negotiators, has had a reassuring effect on the market.

Some market analysts attributed the recent share gains to the government's offer to allow Israelis to use provident funds as collateral for bank loans. In effect, this encourages investors to hold long-term savings funds. alleviating last month's overwhelmingly strong dem-

and for public redemptions. For buyers, the recent

series of disparate began intervening in the very low valuations. Many traders say stocks simply looked "extremely cheap" in Shk1.17bn in July and the wake of the battering after Mr Netanyabu formed

not so bad, and price levels are very, very low," says Ms Hanna Pri-Zan, vice-president at Bank Hapoalim.

But the recent gains, according to some spec on the Tel Aviv exchange, may be short lived. Many analysts say that the provident funds - and capital markets in general - need structural reform. This week, Mr David Bro-

det, director-general at the finance ministry, tendered a plan to do just that. The Brodet Committee suggested taxing short and mid-term savines accounts by 5 to 10 per cent, and offering tax breaks for savings plans for 10 years or more. The market was less than

excited about the tax plan. Mr Netanyahu bas also expressed reservations about it, damping expectations that the entire package will be implemented.

And even though rising shares give an appearance that the crisis in Israel's capital markets has subsided. many analysts remain bearish about prospects for soulties in the medium term.

ne handshake between Mr Netanyahu and Mr Arafat does not necessarily foretell a smooth passage for the peace process, given the fundamental disagreements between the Palestinians and Israel's new right-wine government

Moreover, some stock market observers are weary of government interference. The companies look cheap, but I'm pessimistic," says one leading analyst.

"I don't see anything that is good in government intervention. When you have some influence from outside the market, it's not a real rise. You need to let the maralide in share prices meant ket do what it needs to shares could be found at and it needs to go down." ket do what it needs to do.

# Frankfurt nudges up to record high

Active buying in the wake of derivatives' expiries and early gains on Wall Street enabled FRANKFURT to nudge up to an all-time clos-ing high.

At the finish, the Dax index stood at an Ibisindicated 2,641.50, up 16.04. Dealers said the expiry activity was hectic with share three times as high as the average for the first four days of the week.

Viag topped the Dax charts with a rise of 23 per cent after the group relter- to FFr583 and the banking ated an earnings forecast early in the morning. The stock ended up DM15 at

The chemicals giant, BASF, to some extent left behind on Thursday when Bayer and Hoechst both bounced on Zeneca bid rumours, moved up sharply, closing 79 pfg ahead at DM47.78

Continental, the tyre group which drops out of the main Dex index on Monday; reversed recent weakness by rising 95 pfz to DM27.20.

PARIS traded quietly to end the week more or less

index closed at 2.079.48 down 2.87 on the day and off less than a point on the

Canal Plus, the media group, was a strong market after a block of 328,000 shares went through. The shares closed up FFr15 at FFr1195. Pernod Ricard, the drinks group, came off steeply on analysts' concerns over underlying earnvolume running almost ings trends. The shares fell FFr15.5 to FFr278.8.

Peugeot and Paribas were both out of favour ahead of next week's interim results. The motor giant shed FFr6

THE WEEK'S CH	Utom
	% Chang
Milan	+0.6
Helsinid	+0.4
Frankfurt	+1.0
Parls	w/a
Amsterdam	u/o
Zurich	-0.6

group lost FFr4.5 to FFr330.5. Saint Gobain, the industrial group, dipped FFr15 to FFr643 after disappointing the market with a forecast of unchanged profits for this AMSTERDAM moved

# FT-SE Actuaries Share Indices Open 10.30 11,00 12.00 13.00 14.00 15.00 Cine FT-SE Eurotrack100 1700.02 1701.26 1701.40 1702.27 1703.04 1702.57 1702.48 1703.02 FT-SE Eurotrack200 1768.48 1765.29 1765.14 1765.34 1766.16 1765.38 1765.67 1765.24 Sen 19 Sen 18 Sen 17 Sep 16 Sep 13

1.69 higher at 565.70.

In chemicals, DSM added F12 to F1168 after an upbeat two-day presentation to Dutch analysts. US arbitrage business lifted Philips and the electronics giant closed F11.40 better at F159.8. KLM continued to lose ground, slipping F11 to

Fl 43.20 for a decline on the reek of around 5 per cent. MULAN edged higher with gains by some blue chip industrials outweighing es in the financial sector and in the heavily traded Olivetti. The Comit index

picked up 2.69 at 603.74. Olivetti tried to add to Thursday's rally but the shares turned back from a high of L590 to finish L27 down at L540.6. Volume was again high, at more than

strong performance from ulation that another foreign DSM. The AEX index closed institutional investor was unwinding its stake. Brokers also speculated that one or more buyers might be build-

> Fiat, under pressure in recent sessions shead of Thursday's first half results, bounced L58 to L4.247 as the figures proved better than some pessimists expected. Klsewhere, Eni picked up

ing a stake.

L187 to L7,187 and Tim was L62 higher at L3,053 when first half results proved more encouraging than some ZURICH took the expiry of options and futures in its

stride to finish fist, with the SMI index unchanged at 3694.9. Corporate reports provided points of interest in an otherwise quiet session. Ema retreated SFr55 to SFr4,630 after the chemicals company

Written and adited by Michael

### LONDON EQUITIES

0 110 / 0	LIFFE EQUITY OPTIONS	RISES AND FALLS
	Calls	Rices Palls Some Rices
strong enough to maintain	Option Out Jam Apr Out Jan Apr Option Her Feb Hop Nor Feb Hop	British Funds 41 14 12 13
interest in the stock. BHP	ASDA 100 Eth Eth 12 2th 4 5 Grand Met 460 28 37 48 86 18 21	Other Fixed Interset 0 0 14 Mineral Extraction 63 68 76 26
closed down 5 cents at	(*103%) 110 1 314 691 8 8 10 (*477) 530 774 1774 94 27 40 424 Miled Domeson 460 11 2116 2866 8 2316 29 Golymana 460 1876 2754 2356 13 12 2306	Governi Manufacturers 119 148 980 79
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market activity thinned and	(1900) 300 8M 25 32M 8M 20 24 (208M) 220 2M 8M 11M 18M 19 22M	Investment Trusts 73 87 409 70 Others 27 26 79 15
investors were sidelined	Base 750 46 84 6716 354 1516 22 Leces Inde 340 177 25 2576 595 1506 14 (7794) 800 1496 23 36 1856 38 4856 (*24576) 280 7 15 2864 15 255 2556	
awaiting an outcome from	Brots 800 404 64 1894 15 0% 12% P& C 800 16 264 36 27% 25 47%	Totals 484 655 1,580 3,177 Data based on those companies lated on the London Share Service.
an continuing censure debate against the premier.	("Bet146 650 95 35 36 15 25 34 ("600) 660 376 12 28% 67% 70 37	
The SET index ended 2.48	ONE All Names SIG 4899. 28 6719 ON 10 Pindington 180 1694. 28 2894. 29; 514 71; (547). 580 10 22 27 10% 234 259 (*192). 200 4% 10 14 13 186 17	•
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ume of T\$51.18bn with the	(*19496) 200 # # 12 # 14% 18% (*951) 1000 7% 25 32% 61 88 78%	Last Dealings Sep 27 Settlement
weighted index down 36.07 at	Caste & Wire 420 37 489 67 19, 50t 136 Registed 420 38 489 68 49 10 16 16 17 17 18 18 19 19 19 19 19 19 19 19 19 19 19 19 19	CHE ACOU ING COTOCO, LIWIN, PRO ANDREA, HELITICAL VIC
6,499.52. Brokers said there	Commit Union 560 6504 6604 7314 Ni 694 1716 Rolls-Rosca 220 18 2514 2514 3 7 10	Puter Pen Andeen.
were signs of consolidation	(*800) 900 13 \$0 41% 10% 21% 30 (*236) 240 7 14 18% 12 18% 18	
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only modest gains after mak-	101 800 44% 68 78% 4 14% 28% Ontion Now Pall - Now Pall -	LONDON RECENT DESUES: GOVITTES
ing a run at its high for the	(*838) 960 13 37 47h 22h 35 50 Herson 160 7 107h - 5h 8 -	Issue Amt Mid. Close
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closed 5.68 up at 11,592.36 after reaching a session high	Royal inace 394 914 27 2874 1014 1974 9056 BSIg/B 890 86 8614 77 1886 25 12	F.P. 209 23 41 Feynmood 45 201 2 F.P. 207.1 242 2 255 GT Chile Growth 2252 -4
of 11,642.54, just shy of its	(7397) 431 14 6 1214 41 45 55 (757814) 600 28 2804 5114 40 4814 68 Salesbury 260 14 22 28 26 1814 1614 Obenes 550 23 4714 5814 17 25 2816	\$12.5 F.P. 1.88 144 134 Grosvenor Land 144
intra-day high for the year of	("369) 350 1% 8% 15% 21% 26 31 ("580%) 800 11 25 38 48 52% 57%	\$65 F.P. 18.2 86 <sup>3</sup> 2 84 <sup>3</sup> 2 Hernbros Sm Asn C 88 \$100 F.P. 24.4 86 94 Hoare Gw 1000 C 97 <sup>3</sup> 2
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The believe on complet by FTSE	(715) 750 8% 28 81 42 56 70% (*180%) 200 2 40% 6 22% 23% 28	F.P. 2.18 2512 2312 Repent Kroin Was 2317
oor's. The indices are complied by FTSE ties Ltd. was a co-founder of the indices.	Thomas Wir 550 14 28 38 7% 21% 29 Lloyds/158 380 28% 36% 49 8 17 17 (553%) 600 1 7% 18 45% 56 61% (578) 20 28% 28% 28% 28% 28% 28% 28% 28% 28% 28%	100 F.P. 82.0 96 90 Schroder Em Ctra 94 § F.F. 6.80 40 51 Schroder Em Wha 30
	Zeneta 1880 # 1475; 1964; 276 506; 79 Lonzho 180 1716; 28 2256; 26 5 85	866 F.P. 15.9 70 66 Selector 68
ER 18 1996 DOLLAR MULIA	(1575) 1898 37 62 173 52% 78% 1875 (1775) 120 6 8 112 11 14% 16 Option Oct Oct Orange 180 14 18% 24 6% 9 11	† Alternative Investment Merket. 5 Placing price. " introduction. For a other symbols please refer to The London Stars Service notes.
DM: Currency 52 week 52 week ago	Crestorable 450 774 - 7% - (*185) 200 5% 10% % 18 20 22	The state of the s
clex Index High Low (approx)	(*485%) 580 3% 35 - Relitatet 280 20 27 31% 10 18% 20%	
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58.79 287.83	Unilever 1390 92 68 63 5 17% 27 Colon Bec Apr Jel Dec Apr Jel	
32.12 258,75 296,00 241,27 244,17 58,03 · 84,23 84,53 67,22 79,96	(*135219) 1400 18 35 1214 22 36 48 Abbey Rati 800 43% 66% 62 13% 31 31%	
15.72 101.74 164.68 137.75 142.35	Barchaya 900 72% 95% 99 13 31 3836	FINANCIAL TIMES EQUITY INDICES
43,80 544,48 585,09 425,77 483,56 11,71 10565,74 1325,85 791,99 1178,91	BAT lade 460 21 31 30 17 21 34 (*946) 950 42 80% 70 52 52 59 (*462%) 550 6% 14% 22% 43 40% 58 Nag Power 360 40% 46 65 5 9% 11	Sep 20 Sep 19 Sep 18 Sep 17 Sep 16 Yr ag
34.81 231.02 304.24 251.81 251.98	(*402%) 500 6% 14% 22% 43 44% 36 42% 19% 46 56 5 5% 11 Vodzione 220 12 15% 21% 7 11 13% (*384) 400 14% 24 - 19% 25 -	Ordinary Share 2840.9 2846.5 2838.4 2652.7 2859.9 2603
68,48 68,05 67,35 75,94 80.01	(*223) 240 4 714 13 1914 2214 2514 Daton Dec Dec	Ord. div. yield 4.00 3.99 4.01 3.99 3.99 4.1
98.05 221.32 258.94 222.24 232.18 83.03 271.76 -	Option New Feb May Nov Feb May American 140 19% - 7 -	P/E ratio net 17.25 17.28 17.20 17.29 17.29 15.6 P/E ratio nel 17.09 17.12 17.04 17.12 17.13 15.4
19,00 283,79 485,21 380,49 360,49	STR 280 8 15 184 94 13 17 (*14814) 160 7 - 18 - (*2524) 300 254 7 16 253 256 26 Seers 90 7 - 256	P/E ratio nil 17.09 17.12 17.04 17.12 17.13 15.4 Ordinary Share index since compilation: high 2885.2 19/04/98; low 49.4 26/06/
75.14 344.13 437.76 314.20 352.11	Brit Aem 1050 35 616 75 316 44 504 POAKS 388 2 8	Ordinary Share hourly changes
38.02 170.38 183.85 145.15 151.84 91.49 364.35 375.08 294.19 315.04	(*109514) 1100 15 28% 62 51% 72 82 Thorn Ext 178 865 50 -	Open 9.00 10.00 11.00 12.00 13.00 14.00 15.00 16.
0.54 186.89 254.34 206.92 206.92	Srit Yeleccom 360 20 284 38% 6 13 18% (1745) 1886 977% ("372)43 390 5% 11% 1896 21% 29% 32	2848.5 2858.2 2851.8 2845.2 2845.6 2842.3 2842.7 2844.0 284
07.39 134.76 193.95 128.90 166.78	Cadbury Sch 500 23% 39 43 10% 17 27 Underlying security price. Premiume shown	Sep 20 Sep 19 Sep 18 Sep 17
95.61 236.98 290.30 220.85 221.19 17.83 277.77 278.60 236.38 238.76	(*505%) 550 5 16% 20 43 46% 56 September 20 Total contracts, Equity and SEC 350 17% 26 35% 8 15 17% Index options: 83,178 Calle: 54,777 Puter	
98.24 213.68 254,73 215.17 218.55	(2397) 420 5 12 19 25% 31% 34 28,401	Equity turnover (2m)† - 1708.7 1710.8 1843.9
erze 213.00 204.13 210.11 210.33		50 700 00 050 00 000

FT GOLD	MII	NES	IND	EX				
					Groot div yield %			
loki Mirns Index (20)	194L42	-0.6	1998.14	2088.47	120	-	2520,73	1722.9
tica (13)				2779.B1	3.05		3553.88	

1738.60 -0.8 1752.89 1717.22 0.75 54.24 2186.39 1488.94

RISES AND FALLS 41 0 63 112 43 76 8 61 73 115 1,580 3,176 2,917 7,586

MONTS OFFERS Amount Letest peld Renun. up date 10/10

THANCIAL TIMES EQUITY INDICES Sep 20 Sep 19 Sep 18 Sep 17 Sep 16 Yr ago "High "Low mary Share 2840.9 2848.5 2838.4 2652.7 2859.9 2603.5 2888.2 2868.8 div. yield 4.00 3.99 4.01 3.99 3.99 4.12 4.92 3.76 mile net 17.25 17.28 17.20 17.29 17.29 15.63 17.29 15.80 17.09 17.12 17.04 17.12 17.13 15.44 17.13 15.71

Open 9.00 10.00 11.00 12.00 13.00 14.00 15.00 16.00 High Low 2848.5 2858.2 2851.8 2845.2 2845.8 2842.3 2842.7 2844.0 2843.4 2880.6 2840.8 Sep 20 Sep 19 Sep 18 Sep 17 Sep 16 Yr ago SEAQ bergains Equity furniturer (2m)† Equity bargains† Shares traded (mi)† †Excluding intra-market bu 40,383 39,716 36,915 41,734 42,182 29,389 - 1708.7 1710.8 1843.9 1511.3 1799.2 - 39,732 38,950 39,267 43,337 34,672 - 588.6 649.8 607 538.8 644.0

Sep 20 Sep 18 Sep 18 Sep 17 Sep 16 Yr ago "High 1047.90 1041.90 1041.70 1043.10 1044.70 - 1140.40 965.70

TRADEPOINT INVESTMENT EXCHANGE Daily turnover for 20/09/1996

### ASIA PACIFIC In London, the ISE/Nikket THE WEEK'S CHANGES strong enough to maintain Weakness on Wall Street 50 index rose 2.02 to 1,428.31. Sumitomo Corporation, prompted selling ahead of the long weekend in TOKYO the trading company which

Nikkei weak. Seoul drops 1.8%

and the Nikkei average lost 1 per cent, writes Emiko

The Nikkei 225 index closed down 210.61 at the day's low of 21,112.24, as the three-day decline in US shares dampened confidence. The index opened at the day's high of 21,310.09, before investors took profits and dealers adjusted positions.

Volume totalled 346m shares against 342m. Cross trades, or the selling and buying back of shares by domestic institutions looking to realise profits on their holdings ahead of the September book closing, supported activity. Overseas investors were also seen buying blue chips.

section stocks fell 9.50 to 1.592.39 and the Nikkei 300 lost 1.95 to 297.20. On the fell 135.14 to 21,879.09 in volume of the fell 135.14 to 21,879.09 in vo first section, declines led ume of 200.7m shares. advances 681 to 380, with 184

revised up its losses from

copper trading by its former chief copper trader, fell Y14 to Y925. This represented a loss of 24 per cent from the price before the company's first announcement in June.

products maker, fell Y7 to Y440. Investors were discouraged by Thursday's arrest of its president and two former presidents over the company's involvement in an HIV. Labouros

per cent lower by an over-

hang of margin loans and Green Cross, the blood index fell 13.80 to 759.35.

Nomura Securities lost Y50 to Y1,930. While some investors applauded the company's move to inject Y371bn into Nomura Finance, its non-banking finance subsidiary, to help write off its bad debts, trad-The Topix index of all first ers said the immediate reac-section stocks fell 9.50 to tion was to sell the stock.

foreign selling, aimed at restructuring portfolios lower at 1,045.38. before the foreign share ownership ceiling is raised on October 1. The composite Foreign selling was

focused on construction and petrochemical stocks. Hyun- Festival on September 27. dai Engineering and Construction fell by its daily limit of Won1,600 to Won26,100 and Hanwhs Chemical closed down Won420 at Won7,100.

after dull numbers from BHP's quarterly results were SEOUL was pressured 1.8 slightly better than market 11.645.35 hit on Tuesday.

interest, in the stock, BHI closed down 5 cents a A\$16.04. CRA dipped 2 cents RANGEOE closed flat or market activity thinned and

next week's US Federal SYDNEY closed lower Reserve policy meeting.

after dull numbers from The Hang Seng index intra-day high for the year of

FT/S&P ACTUARIES WORLD INDICES The FT/S&P Acquaries World Indices are owned by FTSE international Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by International and Standard & Poor's in conjunction with the Faculty of Acquaries and the Institute of Acquaries. NatWest Securities Ltd. was a co-founder of the institute of Acquaries.

	REGADNAL MARKETS	-		THURSI	AY SEP		1990	I - a - i	-	- #5			Mary 14	Local			Year
	Figures in parentheses	US	Day's	Pound			rocei	Local	Gross	US.	Pound	Man	DM	Currency !	25 mark i	P2 wash	
	SHOW LATERDAL OF RUSS	Dollar	Change	Sterling	Yen		Currency		Div.	Dollar Index	Sterling	Yen	Index	Index	High	Low	(approx)
•	of stock	Index	%	(nate)	index	Index	Index	on day	Yield	BRJOX	Index	RADIOA	H ALEX	UNGA	Linguis	LUTS	(minhu out
				193.47	139.79	159.29	170.84	0.7	. 4.47	200.65	190,63	138,34	157.35	169.13	212,18	179.77	190.43
	Australia (78)	202.38	0.9	170.73	123.36	140.57	140.49	1.1	2.00	177.28	168,42	122 22	139.02	138.93	195.04	168.11	
	Austria (24)	1/6.00	0.7	207.42	149.88	170.78	- 168,79	-0.4	3.99	218.65	207,73	150.75	171.46	167.4B	218.69	188.63	
	Beinkern (27)	210,80	-0.8		127,63	145.43	346.67	0.9	1.87	183.14	173,99	126.26	143.62	343,57	189.70	123.97	159.84
	Brazil (28)	104.//	0.9	176.64	115.80	131,96	186.45	0.1	2.17	167.33	158.97	115.37	131.22	166,22	167,85	134,14	143.88
	Cornda (117)	.,. 167.00	0.2	180.27		252.12	253.84	0.0	1.81	321.21	805.16	221.48		253.78	321.21	276.89	279.72
	Decembric (30)	البرباطين	-0.3	306.21	221.25 145.12	165.37	199.71	-0.8	2.50	211.51	201.04	145.89		201.24	266.66	171.73	266.66
	Finland (23)	_210.10	-0.7	200.85		152.76	156.88	0.8	3.10	194.09	184.39	193.81	152.20	156.45	198.99	167,70	173.66
	France (92)	I 24.UQ	-0.0	185.54	134.06	139.14	139.14	-0.1	1.76	177.56	168.69	122.42		139.24	177,93	155,86	160.92
	Germany (58)	176.78	-0.4	168.99	122,11	347.41	438.16	-0.3	3.49	442.83	420,70	305.30		439.61	451.19	354.67	378.31
	Hong Kong (69)	441.37	-0.8	421,94	304.87		292.00	1.4	1.63	202,41	192.30	139.55		287.83	_	_	_
	Indonesia (27)	205.21	1.4	196.18	141.75	161.52		-0.1	3.48	296.00	281,21	204.07		258.75	296.00	241.27	244.17
	INCOME (21)	294.08	-0.7	281.13	203.13	231.47	258.57		2.53	74.01	70.31	51.02	58.03	84:23	84.53	67.22	
	Ireland (16)	74.58	8.0	71.30	51.52	58.70	85.00	. 0.9	0.75	147.57	140.20	101.74			164.68	137.75	
	haly (58)	147.79	0.1	141.28	102.08	116.33	102.08	0.3	1.20	566.08	537.78		443,90	544.48	585.00	425.77	
	Japan (481)	RRG 44	-0.1	540,55	390.57	445,06	544.08	-0.1			1225.66	20027	4M1 71	10565.74			1178.91
	Malaysia (107)	1220 47	-0.8	1223,04	563.71	1007.00		-0.7	1.28					231.02		251.81	
	Mexico (19)	. 127 B-37	-0.2	285.51	206.30	235,08	231.36	0.1	3.18	209,42			234.81			75.94	80.01
	Alatharisme (19)		0.1	83.50	60.34	68.75	65.24	0.3	4.14	87.30	82.94	60.19		68.05	87,35 255,94	222.24	
	Many Zarabirt (13)			241.28	174.34	198.00	221.92	0.3	2,30	252.55	239.93	174.12		221.32	200.54	22227	232.10
	Name PS		-0.1	197,82	142.94	162.88	270.45	-0.5	0.58	207.90	197.51	143,34		271.76	ADE 01		360.49
	Dhillipphicast [75]	11400-0-	-0.5	391.66	283,00	322,48	265,74	0.7	1.05	408.79	386.48		319,00	263.79	485.21	380.49	
	Shankora (44) r	,4V3./ I	0.7		243.42	277,39	345.86	0,4	2.21	350.85	333.32	241.89		344.13	437.76		
	Courts Africa (44)		0.4	336.89	122.11	139.15	170.64	0,1	3.44	177,15	168.30	122.13			183.85	145.15	
	Spain (37)	176.78	-0.2	189.00	258.64	202.45	384.64	0.1	2.54	371.70	353.13	256.27	291,49	364.35		294.19	
	Sweden (48)	371.55	0.0	355,19		190.95	187.04	0.1	1.58	242.98	230.84	167,52	190.54	196.89	254.34	208,92	
	Switzerland (37)	_242.59	-0.2	231,91	167.57	108.84	136,13	- 1.0	2.51	138,94	130,10	94,41	107.39	134,76	193.95	128.90	
	Theiand (45)	138.28	1.0	132.19	95.51	195.90	237.93	0.4	4.02	249,44	236.98	171.98	195.61	236.98	250.30	220.85	
	United Kingdom (200)	248.89	-0.2	237.93	171,92	219.12	278.38	0.2	2.13	277.77	263.89	191,51	217.83	277.77	278.60	236.38	238.76
	Philips Walter trees	278.38	0.2	265,12	192.29	210.12	110,00							245.60	05 ( 70)	215.17	218.55
	USA (623)			545 4D	175.87	200.41	214,12	0.2	2.12	254.07	241.37	175,16			254.73		
	Americas (787)	264,62	0.2	243.40	149.38	170.20	188.48	0.2	3,04	216.64		149.35				191.44	
	Europo (705)	216.24	-0.2	205.72	220.25	250.97	274.54	0.0	2.27	319.40	303.44	220,21	250,47	274. <del>6</del> 0			291.32
	Nortec (136)	.318.86	-0.2	304.82	220.23	127,39	113.80	0.3	1,21	161.60	158.62	111.41	126.72		177.01	148.88	
	Pacific Basin (678)	161.65	0.2		111.80	145.13	141.98	0.3	2.10	184.40	175.19	127.13	144.61	141.61	190.57	168.51	170.05
	Fund- Pacific (1583)	184.38	0.0	176.26	127.38	213.78	270,96	0.2	2.13	271.02	257.48	186.86	212.54	270.38		230.17	232.89
7.	Edity Pacing (1903)	271.62	0.2	259.68	187.62	152.67	160.44	0.1	2.48	194.28	184.57	133.95	152.35	160.24	195.76	170.51	173.81
₹	North America (740)	103 86	-0.2	185,42	133,96		249.63	0.2	2.97	288.96	274.52	199.22	226,60	249.20	296.68	243.59	260.16
-	Communication of the College of the	., 1 30.00	0.2	276.76	199.97	227,87	146.87	0.3	2.10	188.05	176.76	128.27	145.90	146.49	191.55	167.36	171.35
	Charles Ev Harrett (1997)		0.0	177,87	128.52	148,45	179.45	0.2	1.92	211.23	200.68	145.63	185.65	179.05	213.05	185,61	189.19
			0.1	202.20	146,10	168,48	237.43	0.2	2.48	250.77	238.24		196,66		251.60	217.26	219.70
	444 - 3-2 For 198 (TT) 63		0.1	238.94	173.37	197.55	231 A3						<del></del>		~44.05	100.00	*01.00
	World Ex. Japan (1933)				149.99	189.03	184.68	0.2	2.11	214.54	203,82	147.51	168.24	184.23	214.95	199.6/	151.55

0.1 205.29 148.53 169.03 184.69 0.2 2.11 214.54 203.62 147.51 168.24 184.23 214.95 188.57 191.99 

### LONDON STOCK EXCHANGE - DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. The data is now delivered by Extel, part of Financial Times Information.

Details relate to those securities not included in the FT Share Information Services.

The prices are those at which the business was done in the 24 hours up to 5.15pm on Thursday, they are not in order of execution but in ascending order which denotes the day's highest and lowest trades.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date. # Bargains at special prices. \* Bargains done the previous

British Funds, etc inchequer 12% Sik 99/2002 - \$111<sup>6</sup>6 <sup>15</sup>6 (185/96)

(185-95)
Convention 10% Sik 2002 - £111 % %
Convention 91% Sik 2002 - £110 % (165-96)
Convention 91% Sik 2003 - £112 (175-96)
Treatury 10% Sik 2004 - £113 % (125-96)
Exphaguer 10% Sik 2005 - £117 % (18Se96) freesury 2"7% Index-Linked Criv 9th 1999 -£177" (18Se96) Corporation and County

Stocks
Coventry (Chr. of): 81/2; Lin Str. 2026 - 68,1
1856-91; 177 (1856-91)
London County 2\*%-Core Str. - 25 (1756-91)
Salbord (Chr. of): 87 Lin Str. 57/2031 - 94.43
(1356-95)

Foreign Stocks, Bonds etc Coupons payable in

Graciona Bost 250000 (Regd) + 123 (125-95)
De Beers Centerrary Finance PLC 9\*4% Out Bus 31/12/2020 £ (Regd) + 97/1 (165-95)
Halkina Bulding Society 8\*6% Sub 862 2006 (BrC1020 & 100000) - 51\*(1185-95)
Highterio Destleutes Co PLC 51.7% Crw Sub But 2006 (Reg) - 2101 (175-96)
Nestional Westmerstor Bank PLC 11 \*Vis Und Sub Nos 21000 (Crw to Pri) Br - 108\*s

sub Nts £1000 (Criv to Pri) Rg - 109% (185696) 10 (185696) jumac Finance (Jersey) PLC 91thCnv Cep Bds 4/4/06 (Rg) Uts of 21000 - 97% (185696) 8 (185696)

Debt Issuance Programmes Esport Finance & Insurance Corp 7\*4% Debt Instrumenta 87/8/97 SA (Br) - \$A101 % (175e96) Retifición Bascham Capital Inc 8.79% Euro Mar Tom resses 6/9/00 5 (Br) - \$100 (125e96)

Sterling Issues by Overseas Borrowers
Asian Davelopment Bank 10% Ln 8tt 2006

1081's (175e85)
Denmurk (Kingdom of) 18% Ln Sik 2006 - 132's (175e85)
European Investment Bank 9% Ln Sik 2001 (Regd) - 107's (175e85)
European Investment Bank 10'e% Ln Sik 2001 (Regd) - 116's (185e86)
Luropean Investment Bank 9'e% Ln Sik 2009 - 108.8 108 (125e86)

Inter-American Development Bank (9%, Ln Six 2015 (Regd) - 112.457(3)125, 49 International Bank for Rev & Dev Unit, Ln Sox 2010 (Regd) - 111.681 (175686) International Bank for Rev & Dev 11.5%, Ln Sox 2001 - 120% (125696) New Zookand 111/% Six 2008 (Regd) - 123% (1756866)

(18Se96) Nova Scota (Province of), Canada 11% Ln 53 2010 - 125.07 (17Se) Nova Scotla (Provinca of), Canada 16% Ln St. 2011 - 165.848 (13Se96) Listed Companies (excluding Investment

Abbey Netional PLC 104th Non-Cum Stg Pri Shs £1 - 1051b (185e86) & (185e86) Aberdean Trust Hidgs PLC 'A Wis to Sub for Cut - 70 (185ean) ABF Investments 5 1% Une Ln Sik 67/2003 500 - 44 (185e)61 ABF 50p - 44 (185666) 8F Investments 7\*% Um Ln 8tk 67/2002 50p - 48 (165666) Ispane Group PLC 7.8% (Net) Ber\*2\*Onv Pri She £1 - 90 (17Se96) She £1 - 90 (17Se96) Sherandars Hidge PLC 'A' (Ret.V) Ord 10p -

Alexanders Heige PLC 'A' (Ret V) Ord 10p - 15 (19565)
Alexan Group PLC 8.25p (Met) Criv Cum Red Pri 10p - 25 (195695)
Alexan Group PLC 8.25p (Met) Criv Cum Red Pri 10p - 25 (195695)
Alexand Domesor Plancial Series PLC 6\*46, Gld Criv Sub 68a 77/06 £1000 (Reg) - 96\*4, 100 (175696)
Alexand Domesor PLC ADR (1:1) - \$4.927\*
7.44 7.44
ABed Domecq PLC 5'4% Curn Pri £1 - 64
(165696)
Albed Domecq PLC 7'4% Curn Pri £1 - 65
(165696)
Albed Domecq PLC 9'4% Deb 8ik 2019 110's 1'5' (7'5696)

Alliad Domecci PLC 9445 Deb 884 2019 -110's 1's (175e39) Alliad Domecci PLC 7445 Une Ln 884 - 88 (185e39) Alliad Domecci PLC 7445 Une Ln 884 93486 -884 (185e39) \* (185e98) \* (175e89) Alliad Domecci PLC 8145 Une Ln 884 - 87 (13Se96) Med Landon Properties PLC 10% Cum Pri

Affed Landon Properties PLG 1976 Cum Pri E1 - 112 (185696)
Alte PLC 5576 Cnv Cum Non-Vig Red Pri E1 - 01 1- (185696)
Andrews Sylves Group PLC Cnv Cum Pri 80p - 107 (185696)
Anglan Water PLC Stville in Sub for Ord - 91 3 Anglan Water PLC Stville index-Linited Loan Stv 2008 - 1376 (185696)
Angla United PLC Wile in Sub for Ord - 0.378 (185696)
APTA NewStream PLC Water 1946 for Ord - 0.378 (185696) (103060) Amitiago Bros PLC Ord 10p - 272 (165665) Rada Property Holps PLC 9.125% 1et Mg Deb Sik 2020 - 89% (185666) 100% (185666)

da Property Hidge PLO 10fell, 1st Mag Deb Sik 2011 - 109's (185e96) SH Capital Finance (James) Ld 9'454 Criv Cap Buls 2000 £ (Var) (Regd) - 96'5 7.85 (16S-665)
BAA PLC ADR (1:1) - 87.89
Barchen Bank PLC 18% Una Cap Ln Str.
2002/07 - 133% (16S-65)
Bardon Guoup PLC 11.25p Cum Red Prf
2005 10p - 118.125 (16S-66)
Bardon Group PLC 725p (Neg) Cnv Cum Red
Prf 25p - 93 (16S-66)
Been PLC 10% Deb Str 2018 - 116.71876 7
(176666)

Basa PLC 4\*9% Una Ln Sik 92/97 - 96 (16Se96) (165696)

Bath Press Group PLC Ord 5p (Rtd - 1/4/98) = 1432 (165695) Bocompatibles international PLC Was to Sub for Ord - 39 40 1 2 2 5 7 8 50 3 por Lyra - 39 40 1 % 2 6 7 8 9 0 8 Simingham Matshines Building Soc 94%, Primi in Bearing She 21000 - 100% (185688) 1" (185680) % (185680) % (185689) BLP Group PLC 90 (Net) Cov Curn Red Pri 10 - 24 (185680)

10p - 84 (16Se96) Blue Carde Industries PLC ADR (1:1) - \$5.97 (183696) BOC Group PLC ADR (1:1) - 813.32 (103656) BOC Group PLC 9.5% Cum 2nd Pri 51 - 52 11000007 BOC Group PLC 12 V% Une Ln Stk 2012/17 -12/14 (125698) Boddington Group 91% Uns Ln Sik 2000/05 • 11 (1858:96) 15 Co PLC ADR (2:1) - 19.98

Boots Co PLC ADR (2:1) - 19.98
Sournemouth & West Hampeline Water PLC
8.5% Curt fiver fiver first 1: - 100\*4 (175-96)
BPS PLC 7.25% Chr Subord Bds 25/8/08
1:000 (Regdt - 147-45 8 (185-96) .43
(185-96) Ed (185-96)
Bradford & Bringley Building Society 11\*6/6
Perm Int Bearing Sine 510000 - 120\*6
(185-95)
(185-95) rectord & Birgley Building Society 13% Parts Int Bearing She - 135's (185e86) rent International PLC 9% Cum Red Pri 21 -102 (185e98)

To a vision and a Post State Feb Fr. 121 (18548)

Brent Walker Group P.C. Wis 1997-2007 to 50 or Or 1- (18548)

Brent Walker Group P.C. 8.5% 5rd Non-Curp Crv Red Pr. 2007-10- 2- 3 (175465)

Bristol & West Building Scotely 131% Parm Int Bearing She £1000 Rg - 137% (185495)

8% (185496) % (185496) % (185498)

Bristol Walter Hotzs P.C. Non-Weining Ord £1 - 1153 40 (135498)

Bristol Walter P.C. 8\*% Curn Int Pri £1 - 108 (175498)

103-095) agin (A.F.) & Co PLC Ord Ski Sp - 60 (17Se96) (175856) Bulmer (H.P.) Hidgs PLC 8\*44 2nd Ourn Prf £1 - 110 (185896) Bulmer (H.P.) Hidgs PLC 8\*45 Curn Prf £1 -116 (165896) Burman Castrol PLC ADA (2\*1) - 824.37 (125696) r (H.P.) Hidgs PLC 87%, 2nd Cum Pri (125:65) (21) - \$34.37 Burman Cassnot PLC 71-% Cure Red Pri \$1 -801- (185:65) Burnan Group PLC 8% Une Ln 86: 96:8001 -904 (178:65) BZW Endowment Fund Bad Pad 198:5001

EZW Endowment Pund Red Ont 1p - 136's (18599)
Law Likt PLD Wits to Sub lar Ond - 73 (18599) \$ (19599) \$ (19599) \$ (19599) \$ (19599) \$ (19599) \$ (19699) \$ (19690) \$ (1

(1186#951.18)
Cartien Communications; PLC 7"YM CoSubcro Bds 2007 01000 (Rg) - 165 %
(138:956)
Caph Convenies Impl.Ld Livrie (Comp 1 Ord
5 1 Div Acc Str) - 23 32 (188:956)
Capits PLC 10.25% Cum Prf 21 - 68
(188:955) (18Se96) Casks Sporintina, A.B. GDR (Each Regr 1 Carl Coh (100) (Fug S) - C2282 272952 (18Se96) S.91856 (18Se96) .91858 (18Se96)

(185min) Charlwood Allience Hidgs Ld 74% Uns Ln Sit 50p - 35 (165e86) Cheshve Budding Society Pitg Rete Perm Int Bearing She - 100\* (185e96) Dubbuss Dub Morranta to Sub for Ond - 3% (165e86) [163:693]
Coats Patons PLC 41% Una Ln 8tk 2002/07 70 (165:693)
Coats Patons PLC 84% Una Ln 8tk 2002/07 885 (185:693)
Coats Viyetia PLC 4.8% Cum Pri \$1 - 65
(165:693)
Coats Viyetia PLC 65% Senter Cnv 8da
87/03 (1000 (Rg) - 91 (185:663)
Commercial Union PLC 85% Cum Into Pri £1
- (01 % (185:663) % (185:663) % (185:669) % Commercial Union PLC 84% Cum in Pri £1-105% (185696) %

one (128-86) Society 12 MA Perm Int. Boundy Sheet 1000 g - 1274 (189-86) (188-86)

(185-66)
Creston Land & Estates PLC Wite to
Subscribe for Ord - 1 to (125-696)
Creston Land & Estates PLC 6% Cav Une La
Std. - 54 (135-696)
Dely Med & General Trust PLC Ord 5591472 (195-96)
Dely Crest Group PLC Ord 259 - 183 3
(175-966) to 5 to 8 8 6
De Beens Centerpary Flumone PLC 6 4% La De Bears Centenary Finance PLC 84% Ln 8x 2006 - 90 (125e86) Debenhaus PLC 74% 2nd Deb Six 91/96 -100 (175e86) iou (175e95) lebenhams PLC 74% Una Ln Sik 2002/07 -92's (125e96) Decements PLC 7% On LITSR 200207-92 (13566)
Development Sect (Investments) PLC 11%1st Mtp Deb Sis 2016 - 95 (16569)
Desmund PLC Ont 10p - 56 7 (17568)
Desmund PLC Ont 10p - 56 7 (17568)
Desmund PLC William (1871) - 26, 188
Disons Group PLC AUR (1871) - 26, 188
Disons Group PLC AUR (1871) - 26, 188
Disons Group PLC AUR (1871) - 26, 182
Ecclesiant Call Insurance Office PLC 8,829%
Hon Com Intel Put PL - 26, 1975-268

(185e98) 50 - 90 Eclase Blinds PLC Cnv Pri She 5p - 141 (185e98) (16Se99) Eness PLC 8.25p (Net) Cnv Curn Red Prf Sp - 80 (18Se95) 10 (16Se95) 1

PLC & 155A W1 to Sub Use Ng - 409
(185696) Printed Debenture PLC 9-25% Several Deb
33 1025 - 104.59 5 (135455)
Florina PLC 576% Une Lin St. 2004/05 - 400
(185696)
Florina PLC 576% Une Lin St. 2004/05 - 400
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Florina PLC 576% Une Lin St. 2004/05 - 400
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Florina PLC 576% Une Lin St. 2004/05 - 400
Subscribe for Ord - 576, 048, 455 (1758-95)
Flam Group PLC Was to Subular Ord She 256
- 53 (185695)
Florina Group PLC Ord 8p - 82 (185696)
Florina Group PLC Ord 8p - 82 (185696)
Florina Group PLC 474% Orw Cum Red Pri
17 - 581 [175658] riendly Hotels PLC 5% Cnv Cum Red Prf \$1 -106 (165e66) - 106 to (165896) Funding for Homes Ld 10 to Deb Str. 2018 -109.46875 (185696) 07 105.46875 (185668) 137 Committee Print Committ

109\* (175490) \* (185408) 10\* (185400) (185400) \* (185400) General Cable PLC ADR (5:1) - 9:3.2 General Electric Co PLC ADR (1:1) - 5:14 Glibbs & Dandy PLC Ord 10p - 6:7 (198409) GNN PLC ADR (1:1) - 5:18.75 Glymed International PLC 7\*45 Cum Pri £1 -Chemical Informational PLC 7946 Cum Pri Et 73 (195-20)
Gameda Group PLC 10% 1st Mig Deb Six 18/2/16 - 111 % (185-95)
Greenalis Group PLC 7% Crw Subord Bds 2002 11 (Repd) - 121 % (185-95)

[18Se99] \*\*Line PLC 6% Cum Fri a. (17Se99) \*\*El 17% Cum Fri a. (17Se99) (17Se99) \*\*El 17% Deb 8tk 2014 - 12% (17Se99) Greensite Group PLC 6% Ind Une Ln Sik - 00% (16Se99) \*\*Common Fri a. (16Se99) Careenase Group P.C. 976 and Une Ln Six-88\* (165696) Greenake Group P.C. 976 and Une Ln Six-102\* (185696) Guirmess P.C. ADR (811) - 88.7 Haco Ld 10765 Savagai Dab 896 2017 -112.87 3.024 112.57 3.024 Intskund Ase 'A' Nok1 - 45.5 (178e96) Initiat Building Society 8465 Perm Int . Bearing She 250000 (Fig) - 94.0076125 (185adm)

(183698) telliox Building Society 12% Perry Int Begring Sha 530000 (Rg) - 128,53125 (185688) tentiya & Hangons PLC Ord Sp - 386 Partys & Hamons PLC On sp. - 396 (165465) Hamony Property Group PLC Was in Substant Ord 1939 - 1 (125495) Hilladown Hidgs PLC ADR (4:1) - 11.41 Housing Finance Corp Ld 5% Data 64: 2027 -55% (185496) 6% (185495) Housing Finance Corp Ld 9% 50 Data 58: 2022 - 34% (175495) Housing Finance Corp Ld 11% Data 58: 2016 - 1207% (185496) 7% (185496) 7% (185496) 7% (185496)

Hoseing Securities Ld 6\*45. Deb Sit 25h (2019 - 92.0624 . 1124 (165e36) 1686C Holgs PLC 11.88%-Subord Bits 2002 51 (Rego) - 114.5 (168e36) Iosland Group PLC Cry Dum Red Pd 20g -81 (165e36) 1 (168e36) 45 (175e36) \* (165e36) 2 \* (165e36) Improrth, Monte Ld 6\*24 Cum Pri Sit £1 -56 (185e36) (10569) 2 % (10569) Bingwork, Monte Ld 6 % Cum Pri Sti. £1-54 (18569) Indhape PLC 6 % Cre Subard Bds. 105/08 £1000 (Prg.) - 65% (185695) India Fund 15 Stic. - p.102 (18569) India Fund 15 Stic. - p.102 (18569) Inspec Group PLC New Ord 2p (FPFP)1. Brightstors PLC 7/7% (Msg.) Core Pret Stic. 200 - 117 (175689)

Inscretors PLC 7-7 to pro-20p - 117 (175695) Investment Co PLC Ptg Pref 50p - 90 (165e93) IS Himsteyan Fund NV Ord Nd60.01 - 12 .15 (185e96) acisón (William) & Son PLC 74% Cum Pri £1 - 65 (13Se66) Idinson: Group Cleaners PLC 5.3% (Net)
Cum Pri St - 78 (13Se98)

Cum Pri St. - 78 (13548)

Cum Pri St. - 78 (13548)

Johnson Group Cleaners, PLC 7.5p (Net) Cnv

Cum Raid Pri 10p - 756 (18548)

Kirost Beckric Ld 976, Sec Deb St. 2006/10

- 108,76125 (18548)

- 108,76125 (18548)

Lumber PLC AUR (21) - 18128

Kusaner Alen Brown Holdings PLC SVA,

Sec Ln 94: 2003 - 80 (175688)

Ladholie Group PLC AUR (11) - \$3,24

(135698)

Land Securities PLC 7% Cnv Bds 30/9/2008

21000 (Pp) - 112 (183498)

LASHO PLC 10/944, Deb St. 2008 - 114%

(175689)

LASKED PLC: 10 Tells seed (178565)
Lests & Holbeck Building Society, 13966
Perm Int Bearing Ster - 1476 (185665)
Legel & Central Group PLC FAS, Chr.
Subord Bds 304405 £1000 (Fig) - 137
(178686)
Lethal Pertnachtic PLC Sts Chur P Lavie (John) Partnership PLC 5% Com Pd Sik £1 - 57 (13Se96) ant 11 - 67 (135698)
Liberty International Hidge PLC 5944 Subard
Cire Bits 304(2008 51 (Flegot) - 98
(175698) 6 (175698) 6 (185688)
Libert & Co PLC 5% Pri (Curri) 51 - 39
(135698)

(135956)
Landon France & Investment Grp PLC We. to Subscribe for Ord - 12 (165666) London International Group PLC ADR (5:1) - \$12.4 Stock Exchange Ltd. 10 4% Mig Dab London Stack Exchange Ltd. (1946 Mig Del Sk 2016 - 111 (175:965) London PLC ADR (1:1) - 2:98 Lucaswarth PLC Chd 250 - 236 % 7 % 8 8 8 % 9 % 40 % 1% 2 (185:965) 32 49 4 (185:96) 75 (175:965) 75 (185:965) Lucaswarth PLC ADR (10:1) - 377.5 (185:96) 75 (175:965) 75 (185:965) Martin & Spenger PLC ADR (8:1) - 347.2 Marshalle PLC 10% Cum Pri 21 - 109 (185:496)

(18Se98) oCarthy & Stone PLC 7% Onv Line Ln 88k les PLC Cap 20p - 150

(16Se96) scless PLC ADR (4:1) - 15.125 (16Se96) enteriore Abbey PLC Ord 10p - 85 6 9 90 EPC PLC 12% 1st Mag Deb Set 2017 -1294 (135496) MBPO PLO INL Ura La BB. 230005 - GP. (175496) 73639) \*C PLC 1014% Una La Bak 2032 - 1101a MEPC PLC 10 V/s Lrs Ln Bit. 2002 - 110 % (125e5) Meuchant Ratal Group PLC 646 Lins Ln Bit. 992204 - 96 (185e5) Merchant Ratal Group PLC 646 Red Deb Sit 9467 - 99 (185e6) Merchant Estates PLC New Crd 10p - 29 (175e65) Morgan Sindal PLC 5.825% Crw Cum Red Prt 51 - 105 (185e66) National Power PLC ADR (4:1) - 984.67417 (175e65) 99016 (175e66) 8.94918 (24915455 24915662)

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Othis PLC Ord 10p (Rid 1/457) - 44 (183-96) Paratur Securities PLC Wis to Subscribe for Ord - 8 (135-96) Ont - 8 (13Se26) Paterson, Zochonis PLC 10% Cum Pri £1 -125 (17Se96) 125 (17898) 125 (17898) 125 (17898) 16 (17898) 16 (1798) 17 (1798) 17 (1798) 18 (1798) 18 (1798) 18 (1798)

(185695)
Peshody Donation Fund (Governors of)
10.25% GNI Sedurau Sar 2022 EI 115.1796876 (135685)
Pesi Helge PLC 10% Cura Pri 50p - 64
(165686) Ped Hidge PLC 5.25% (Net) Criv Cum Non.V

Per 11 - 138 (125-00) Peal Hidge PLC 97% Let Mg Deb SR 2011 -105,465 (185-95) Peol South East 10% Let Mg Deb SR 2026 -100, 195-000 Pentisentine PLC Wits to Sub for Ord 10p - 6 (168-809) Periore Foods PLC 3p (Net) Cum Criv Red Pri 10p - 104 (168-895) PowerGen PLC ADR (4:1) - 31.5 Premier Remeil PLC ADR (1:1) (Cum Griv Pri)

- 25.35 Premier Farmel PLG FOR (201) - 21.9 (165865) Premier Farmel PLC \$1.35 Cum Cnv Red Pri (Starting Coupon) - 16<sup>th</sup>e (185866) <sup>The</sup> (1658670) (185499) Caterns Most Houses PLC 10NS, 1st Mg Deb Sit 2020 - 92's (175496) Rectionics PLC ADR (2:1) - 8.99 (18549) Parraomes PLC 4.85's Glue Pri cl - 54' -(185496)

R.E.A.Hadgs PLC 9% Cum Pri 21 - 87 (175695) R.E.A.Hidge PLC 18% Uns Ln Str 2000 - 528

Rotork PLC 99% Cum Pri 21 - 95 (185699) Poye & Sin Alexan Econup PLC 7 25% Crv Subord Bds 30/11/08 C1000 Regd -109% 10 (175696) 10 (185696) Royal & Sun Alliance Ira. Group PLC 7%% Cum Intl Pri 21 - 89 (185696) 9 (185696) % (185696) % (185695) % (185696) RFH Ld 9% Une Ln Sik 99/2004 - 101 % 2 (135695) Pugby Group PLC 6% Uns Ln 56 \$3466 -97's (175696) 974 (175699) Seinebury (J. PLC ADR (4:1) - 23.36 Servy Hotel PLC 'B'Ord 5e - 31 (185696) Botest PLC ANS. Cum Red PM 2901/05 (1 -

Security Factors (1989) 105.625 (198 (175996) Sedgrada Group PLC 7466 Crw Ride 31,50006 Dates April

31/55008 23000 (Fig) - 95% (175m2) Sema Group PLC New Ord 10p - 773 8 (13Se96)

Serial Group PLC New Ord 10p - 778 8
(13Se96)
Savarn River Crossing PLC Fill, Index-Linked
Deb St. 2012 - 120 4 (182625) 9 (182626)
Strate St. 2012 - 120 4 (182625) 9 (182626)
Strate St. 2012 - 120 4 (182625) 9 (182626)
Strate St. 2012 - 17 (162696)
Strate Group PLC Ord 5p - 14 5
Savartis Group PLC 97/94 Cum Red Pri
92/97 21 - 93 (12596)
Sinton Engineering PLC 97/94 Cum Red Pri
92/97 21 - 93 (12596)
Sinton Engineering PLC 98/94 Perm Int
92/97 21 - 93 (12596)
Sinton Engineering PLC 98/94 Perm Int
Description of 100 - 125 (12596)
Sinton Engineering PLC 98/94 Perm Int
Description PLC Ord 10p - 125 (12596)
September PLC Ord 10p - 125 (12596)
September PLC 98/94 PLC New Ord 125p (Feb)
Paid 09/10/96) - 528 8
Savardard Chartered PLC 18/94 Subord Unit
Lin Skt 2002/07 - 121/94 Pk (17596)
St. James Place Capaba PLC Ord 10p - 65 19
9 8 (18596) 90
The AL 199 PLO ADS 14(1) - 800.89 (185969)

9 9 (165k96) 90 Tree & Lyle PLC ADR (4:1) - \$30.63 (165e95)

Tatle S.-Lyke P.LC 6'87% (4.35% Plus Tax CRed) - Cum Pri St - 72° (123666)
Telephiteat Communications P.LC ADR [10:1) - 19.05 20.375 .625 .75
Tenco P.LC 4% Line Deep Decount Ln Six 2006 - 72 (185696)
Thingin Hotals P.LC 10% Let Map Deb Six 2014 - 116.45 % .76933125 (173666)
To states P.LC 74% Cre Uns Ln Six 2006 - 18.1568 PLC 0'75% Cre Uns Ln Six 2001 (173666)
Totaligar House P.LC 7% Lins Deb Six St - 69 (133696)
Telephication P.LC 9'8% Uns Ln Six 2000 (133696)
Telephication P.LC 9'8% Uns Ln Six 200065 - 95 (188666) 5 (185666)
Telephication P.LC 9'8% Uns Ln Six 200065 - 95 (188666) 5 (185666)
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Telephication P.LC 9'8% Uns Ln Six 200065 - 95 (188666) 5 (185666)
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Telephication P.LC 9'8% Uns Ln Six 200065 - 95 (188666) 5 (185666)

10/10/95) - 543 S 6
Thursport Development Group PLC 4.7%
Curn Prf 21 - 60 (175e/96)
Thust Union Finance (1991) PLC 8.129% Deb
Six 2008 - 96% (185e/96)
TS8 Group PLC 0 199% Sirbord Ln Six 2008 -116% (185a66)
TT Group PLC 10.875%, Cov Our Red Pri 1997 £1 -381 (155e66)
Unique PLC ADR (1:1) - \$8,75 (125a66)
Upton & Southern Hidge PLC Was to Sob for Ord -1%

Ord - 1% Varic Group PLC 10.75% Deb Six 2019 - 119% (165666) Volume Group PLC ADR (10:1) - 34.5 55 66765 72 .75 % 5 (165666) 5 (185666) 3 (185666) 35

8% (188696) Group PLC 74% Cum Pri Cl -98 (178696) WE BY GROUP PLC 10 WK Cum Red Pri 92/2012 £1 - 90 (188696) Whitmed PLC 54% 3rd Cum Pri Rek £1 - 85 (178696) Whitmed PLC 64% 3rd Cum Pri Stk £1 - 71 % (178696) (175696) 11564, Deb St. 2011 - 188 4 (135696) to (138-99)
Whitbread PLC 5946 Into Line Ln Silk - 81
(178-95)
Whitbread PLC 745 Line Ln Silk 96/99 - 99
(188-96)
Whitbread PLC 745 Line Ln Silk 96/990 - 99
Whitbread PLC 745 Line Ln Silk 96/990 -

Whithread PLC 1946 Une Ln 8th 8882000 - 95% (169696)
Whithread PLC 1946 Une Ln 8th 2000/05 - 109 (15968)
Williams Hidgs PLC 1946 Cum Pri £1 - 186 (17568)
Williams Hidgs PLC 1946 Cum Pri £1 - 186 (17568)
Williams Hidgs PLC 1946 Cum Pri £1 - 186 (17568)
Williams Combon Group PLC ADR (8:1) - \$10.375 (12589)
Wylor Group PLC Herr Ord 10p (Nil Paid 180886) - 18 (175886)
Wylor Group PLC New Cod 10p (Nil Paid 180886) - 18 (175886)
Vjerishte Weber PLC 6945 Sentor Chu Bds 25/5/8 C (1700 (Rpi - 113 (17588))
Vjerishte Weber PLC 6945 Sentor Chu Bds 25/5/8 C (1700 (Rpi - 113 (17588))
Vjerishte Weber PLC 6945 Sentor Chu Bds 25/5/8 C (1700 (Rpi - 113 (17588))
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Vjerishte Weber PLC 6945 Sentor Chu Bds 25/5/8 C (1700 (Rpi - 113 (17588))

Investment Trusts Australien Opportunities I.T. PLC 3.5%, Chr. Sub Urs Loan Sk 2007 - 100 (165-66) Berloan Investment Tust PLC 5%, Dab Sit 2023 - 33% (165-96) Berlog Ribure Investment Treat PLC 8\*66 Date Sk 2012 - 103 % (165-66) Skitish Empire Sec & General Tat PLC 16%. Deb Sit 2011 - 112\*s (1796)6; Cerngoun Building Soc. IT PLC Units (Compir 1 Warcart No. 1 - No. 10 - 225 (18596) Cappal Gearing Trust PLC Ord 25p - 690 (178466) (178a65) Edinburgh Investment Trust PLC 3.69% Cum Ptt St. - 55 (136e95) Edinburgh Investment Trust PLC 1114 Deb St. 2014 - 127% (175e95) English & Sociatah Investors PLC 9.256 - 152

(175a96) English & Scottleh Investors PLC 6 25% Deb Sis 2023 - 94 % (18So96) 5% (18Se96) Six 2023 - 84% (18Se99) 5% [18Se96) Foreign & Colonial Inv. Trust PLC 11.25% Deb. Six 2014 - 124% [18Se99] Framilington Income & Capital Tet PLC 12.6% Set 2018 - 124 (1939)
Framington Income & Capital Tet PLC 12.0%
Deb Set 2008 - 124 (1939)
NVESCO English & Interfit Trust PLC 8.875%
Cam Prit St. - 112\* (1739)
Investors Capital Trust PLC 5\*As, Cum Prit Set

Cum Pri ST - 112\*2 (1758:49)
Inventors Capital Trust PLC 51/5. Cum Pri St.
-54 (1656:69)
Lazzard Smarker Equations InvLTR PLC Cum
Red Statopod Capital Pri CT - 162
(1656:96)
Londord Investment Co PLC 111/24, Deb St.
2010 - 122 (1654:96)
MCT PLC Package Units (Compe 1 S Cap 3
1 S Inc) - 103 (1756:96)
MERCURY Knyelsome Investment Tat PLC 71/46
Deb Stk 2020 - 52 (1654:66)
Muttay Income Trust PLC 4.25% Cum Pri S1 83 (1254:96) (175e95)
Schooler Emerging Countries Fd PLC Ord
10p - 93% 7.4 %
Schooler Emerging Countries Fd PLC Win to
Sub for Ord - 33 %
Scotists Eastern for Tst PLC 45% Curn Pri
St. +8 (175e95)
Scotist Eastern for Tst PLC 8.5% Deb Sta Scotter Investment Busi PLC 4.58% ACRIM PM Stk - 72% (15598)
Scotter National Trust PLC 10% Deb Stk 11/A/2711 - 113 (15548)
Second London American Busi PLC Ord 1p - 30 (15548)
Shree Income PLC 11% Cre Vins Ln 86; 2003/04 - 117 (17548)
Tawan Investment Trust PLC Ord 28p (Rid - 1/97) - 78%
Tample Bar Investment Trust PLC 94% Deb Stk 207 - 110\* (15548)
Throgsporton Busi PLC 7.25% Cre Vins Ln 88, 2003 - 94 (17548)
TR Cay of London Busi PLC 84% Deb Stk 2021 - 37% (185896)
Updown Investment C PLC Ord 25p - 727 (125696)

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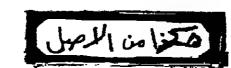
The FT World Economy Survey.

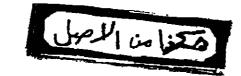
On Friday, September 27, the FT publishes a 36 page World Economy Survey to coincide with the IMF and World Bank meetings.

It will analyse the condition of the world economy. explain the changes of the last year and assess the likely future effects of underlying economic forces.

It will also have a special focus on G3 countries, developing countries and emerging markets. Shouldn't it be on your Financial Times. desk as well?

World Business Newspaper





### LONDON STOCK EXCHANGE

# Share prices slide after expiry anti-climax

MARKET REPORT By Steve Thompson, UK Stock Market Editor

The UK market got within six points of the 4,000 level on the FT-SE 100 index yesterday before suddenly running out of steam. After burning itself out in the effort to push through 4,000, the market quickly turned round, sliding back to finish a busy session a net 10.2 off at 3,964.1.

Dealers were quick to point out that Footsie had penetrated its previous all-time intraday high, reaching a record of 3,994.1.

at driving through 4,000 were senior marketmaker at one of the centred on the expiry of the September FT-SE 100 and 250 futures and index options, which had been seen by dealers as providing the ideal background for a burst into new ground by UK stocks.

In the event, the expiries went off relatively quietly. Footsie was pushed higher at the outset, opening modestly higher and then gaining momentum during the morning and launching a determined attack on 4,000 before stalling and drifting back after

the big expiries.
"There had been big expecta-tions that the 100 would blast through 4,000, but there just ing back to post a 13.7 decline in wasn't any final thrust," said a mid-morning.

European securities houses. He said at least two big global

broking firms had attenuted and failed to drive stock prices - and. therefore the FT-SE 100 - sharply higher during the morning. Against that, one of the big USowned securities houses, said to have been Merrill Lynch, was seen as an aggressive seller.

The expiry of the Mid 250 future, very much a poor relation to the Footsie future, caused few ripples across the market. The Mid index ended the day a modest 0.7 higher at 4,428.2, having edged up at the outset before slid-

Apart from the hype associated with the expiries across derivatives markets, there was plenty to occupy the minds of equity strategists and fund managers.

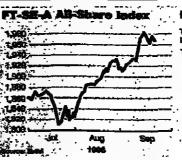
Monday's meeting between Mr Kenneth Clarke, the chancellor of the exchequer, and Mr Eddie George, governor of the Bank of England, could well cause tremors in the UK market, while Tuesday's meeting of the Federal Reserve's Open Market Committee in Washington might bring

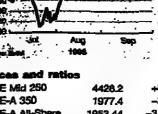
an increase in US interest rates. Markets have been awash with talk that a rise of 25 basis points is more than a possibility and that an increase of 50 basis points may be on the cards.

Some dealers said US and UK stock markets have yet to factor in the chances of a rise in US rates, with one senior operator at one of the European houses taking the view that three-figure falls could be on the cards if the Fed moves to lift rates.

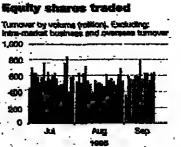
One UK strategist said he felt now was not the time to go chasine London stocks, "Bull markets do tend to overshoot; you have to remember the potential pitfalls; UK politics and US interest rates; both could demolish sentiment at any moment."

Turnover at 6pm was a hefty 786.5m shares; customer trades on Thursday were valued at









. '	Juli Aug Sep
Α.	1985
	PT-SE 100 Index
0.7	Closing index for Sep 20 3964.1
3,9	Change over week
.58	Sep 193974.3
.78	Sep 183955,7
5.6	Sep 173972.3
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6.0	High*3994.1
	1

Tintra-day high and low for week



1877.4

# **EQUITY FUTURES AND OPTIONS TRADING**

The mid-morning explry of both the index options and futures contract was the main feature in the derivatives sector yesterday,

vrites Joel Kibazo. In traded options, dealers expecting an uneventful expiry were surprised by the heavy trading in the FT-SE 100 September 4,000 calls ahead of the mid-morning

UBS and SBC Warburg

10,000 lots changed hands in busy trading. Total volume in the sector was 83,138 lots, of which 56,306 was done in the FT-SE 100 and 13,955 in the Euro FT-SE. Vodafone Group was the most heavily traded stock option, with 1,704 lots.

Traders said the expiry of the September futures contract was uneventful. December, now the market leader, saw business of 15.215 lots as it closed

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Dec	4013.0		-15.0	4020.0	3987.0	15215	54310
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Dec	4455.0	4460.0	+0	4457.0	4453.0	538	3036
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-1	
+1	Percentage changes since December 29 1995 based on Friday September 20
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-36	06 Bolimation & Prod+28.55 Pleasant+11.66 Intercased+3.27
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+116	Hote+25.27
4	Labora & Holdin+22,07
	Bighteriog+19.50 Phirmsonuticals+8.66 Webr+1.57
-1 -16	OE, Integrated+16.28 Brownias, Publi & Rest+0.64 Front Productor+1.84
	Tritoport +18.77 Building Malls +8.61 Hernstoti Goots -0.61
+5%	Services
-8	Mineral Schooling+15.06 FT-SEA AV-Name+8.34 Extraction industries1.48
+7	Property +15.91 Health Care +8.33 Alcoholic Servinges -8.19
+16	A COMPANY +14.25 FT-SE-A SSC
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### Sector switch lifts L&G

By Joel Kibazo, Peter John

Legal & General was the strongest performer in the Footsie. The shares hft an all-time high yesterday as the roving eyes of the market's takeover prophets alighted on the stock.

Prospects of a bid were revived by news that Lloyds TSB had proposed an offer for the 38 per cent of Lloyds Abbey Life it does not own. The offer of six shares for every seven Abbey Life shares held, plus 300p in

cash, represented £1.65bm at yesterday's prices. Most of the money will pour back into the sector and Legal was the obvious choice for two reasons.

Fundamentally, it is seen to be cheap. Credit Lyonnais Laing pointed out that even after the day's rise, Legal shares were at a premium of only 10 per cent to embedded value - which measures past, current and probable future profits on life and pension products. This compared to premiums of 41 per cent for Sun Life & Provinetal and Production

Second, several dealers were floating the idea that National Westminster might be interested in making an offer for Legal. While there was no immediate rationale, NatWest is known to be keen to expand into the area and would probably not find L&G too large to swallow.

L&G jumped 18 to 774p and NatWest slipped 6% to 674%p. Meanwhile, Lloyds Abbay Life rose 28% to 620%p and Lloyds TSB dipped 12% to 378%p. Sun Life added 1% to 235%p with help from a recommendation from NatWest. Business services company

high, was a busy trade. Turnover of 17m, made it the second most actively traded stock of the day following a placing by SBC Warburg. The broker placed 7.5m

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shares at 432p apiece as one institution decided to take profits. The shares fell back to close 9% down at 432%p. tion helped international

conglomerate BTR buck the poor market trend. The shares closed 2 ahead at 282½p in a busy session that brought volume of 15m.

in a detailed note on diversified industrials. NatWest Securities said: "BTR's strategy of disposing assets is expected to increase absolute returns while the return on capital momentum suggests the shares will outperform. On a premium to net asset value of 40 per cent, BTR is not expensive relative to other manufacturing stocks, particularly given improving cash flows and management's strategy to

focus on value." In the rest of the sector, there was talk of impending downgradings at Tomkins. The shares shed 41/4 to

Greenalls jumps

Greenalls climbed 14% to 579p following a bullish trading statement, with the group talking about a favourable trading environment" for all its busines NatWest Securities has put the stock on its "bold" list, from "reduce", and ABN-Amro Hosre Govett changed its recommendation from "hold" to "undervalued" but did not alter full year profit forecasts. SBC Warburg

on the stock. Whitbread, which has a reasonably similar mix of pub businesses, rose 5% to 696%p on the back of the Greenalls statement as did J D Wetherspoon, which added 12% to 1042%p.

maintained its "add" stance

Recent news from Matthew Clark on the impact of new alcoholic lemonades on the sale of premium ciders continued to have an adverse impact. Shares in Matthew Clark fell 71/2 to Rentokil, which seriler this 350p while those of H P Bul-week touched an all time mer, its main competitor, tumbled 19 to 517/sp.

Shell Transport moved forward 8 to 993p in spite of a slight dip in underlying oil

a reiterated "buy" recommendation from ABN-Amro Hoare Govett which has been arguing that restructuring of the company's Euro-

2.15

2.16

pean downstream operations could add \$1.1bn to earnings. Zeneca fell 15 to 1575p on profit-taking following Thursday's sharp rise on the back of speculation that Bayer of Germany was pre-

paring a bid. The market continued to show its delight at British Airways, which earlier this week announced cost saving plans. The shares appreciated another 5 to 546p.

Railtrack, where dealers continue to expect an asset revaluation, gained 5 to 288p. Airports group BAA fell prey to profit-taking. The shares

eased 4 to 500p.

A number of food retailers continued to take a pounding as the market pondered whether Tesco's new price initiative would unleash a new price war or whether it was a fairly routine autumn

promotion. J Sainsbury fell 6 to 369p, Safeway fell 41/2 to 3221/2p and Asda eased to 103%p. Tesco hardened one penny to 802p, Boots' acquisition of Laboratoires Lutsia in France was given a relatively warm welcome by the market. Analysts said the acquisition was in line with Boots' strategy. Boots hard-

with the market still neryous about US litigation. The collapse of talks this week over the disposal of its H Samuel and Ernest Jones chains resulted in Signet Group falling 2% to 23p.

ened 5% to 641%p.
Thorn fell 9% to 370%p

Mirror Group added 9% at 222p on the back of a buy recommendation from Salomon Brothers. Unilever added 3% to

1392%p, continuing its appearance serves a programmer releases rise, said to be driven by US buyers after bullish comment from some US analysts. Geest rose 31/2 to 240p, fol-

lowing interim results earlier this week which were in about taking costs out. He line with forecasts and said there were opportunishowed underlying profits ties in the longer term for a growth. SGST reiterated its

"buy" stance. RMC recovered 18% to E CHEF PRICE CHANGES YESTERDAY

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23 - 24 NEW 52 WEEK

### HIGHS AND LOWS

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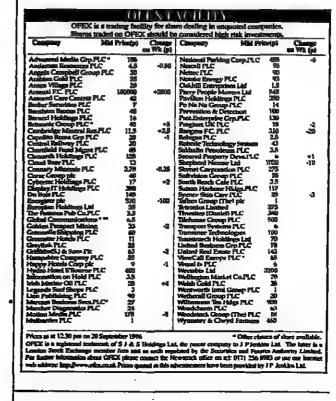
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lyst said while RMC had given a cautious steer on Germany, it had also talked company with quality man-

agement. BPB rose 31/2 to 8781/ap, 1127p as the market digested being relatively unscathed The shares were helped by its interim results. One ana- by fears over Germany.





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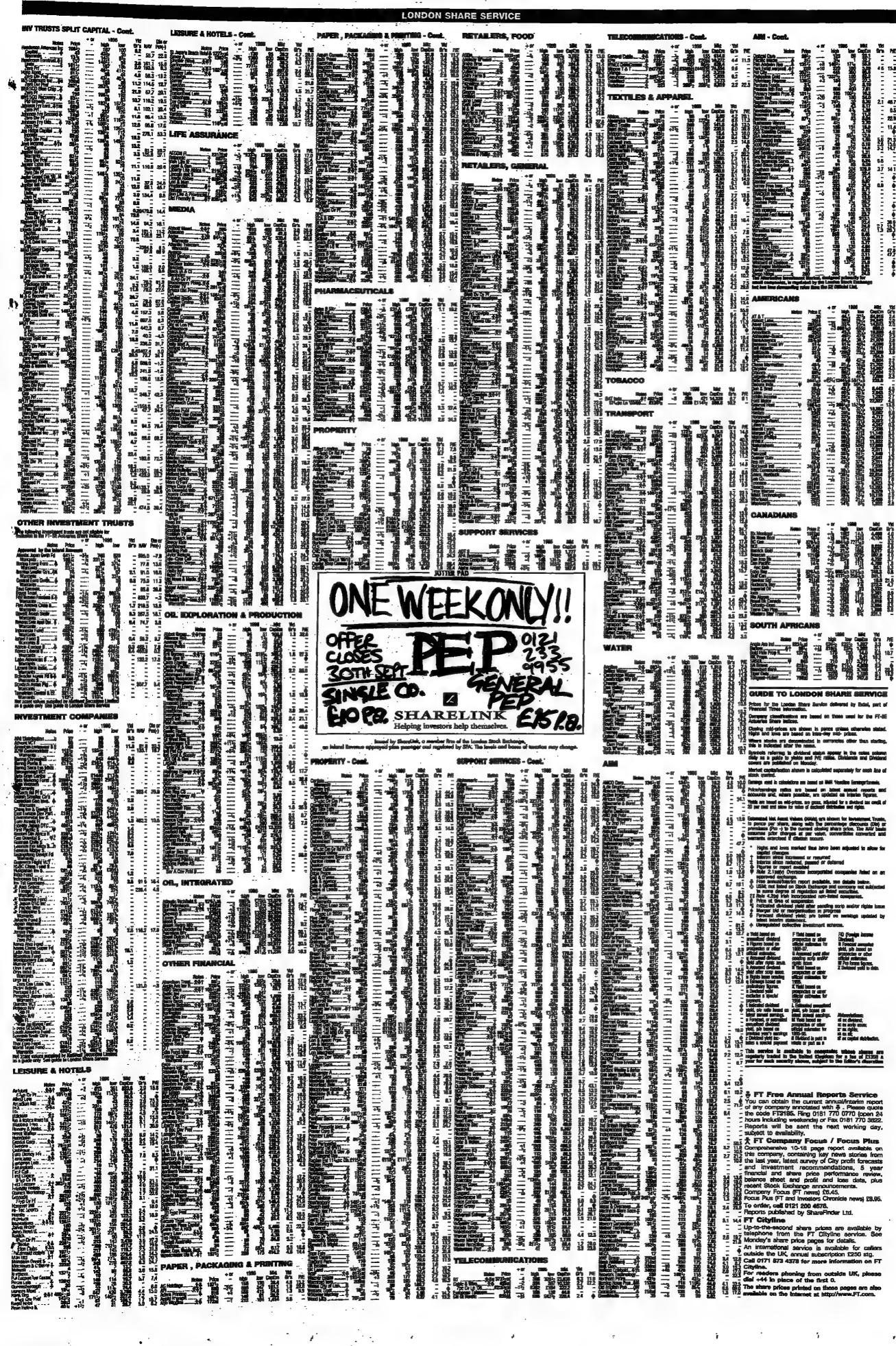
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# FINANCIAL TIMES

Weekend September 21/September 22 1996

LEGAL DEFINITIONS

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LAWYERS FOR BUSINESS

# Seoul wants UN to condemn North Korean 'infiltrators'

### By John Burton in Secul

would ask the United Nations Security Council to condemn the landing of "infiltrators" from a North Korean subma-rine, as US military officials in Seoul suggested the affair was the result of a military exercise that went "horribly

The US officials believe the submarine that went aground on the east coast of South Korea early on Wednesday was crewed by inexperienced submariners and full of recent graduates from North Korea's 26 North Koreans who fied "coastal terrain familiarisa-

graduation - which occurs suing South Korean troops or every spring and autumn – the special warfare troops must infiltrate the heavily-patrolled the North Koreans were North Korea, which could demilitarised zone that sepa-engaged in a sabotage mission, include denying humanitarian

# US officials say landing was food aid to its starving population and banning big South Korean investments in the South Korea yesterday said it exercise that 'went wrong'

rates the two countries or briefly land on the South Korst to prove their skills. "In this case, it appears that the commando exercise was combined with proficiency training for a submarine crew that turned out to be highly inexperienced," said one US

South Korean troops yester-day continued to search for the few survivors of the estimated ashore after the submarine was beached. One North Kor-Around the time of their others have been killed by purcommitted suicide.

There is little evidence that

although their incursion into

South Korean territory repre-

sents "a serious violation of the armistice agreement" that ended the 1950-53 Korean war. The head of South Korea's intelligence service told parliament the incident was a prelude to "guerrilla warfare" by North Korea. But MPs from both the ruling and opposition parties appeared unconvinced and warned the government to be cautious in describing the incursion as a "provocative act" before all the facts have been gathered.

Mr Kim Young-sam, the South Korean president, indicated his government would adopt a tough stance against North Korea, which could

South Korea said it was bringing the incident before the UN Security Council, of which it is currently a member, because the incursion "clearly threatened peace and stability on the Korean penin-

to issue a strong warning against North Korea to stop infiltration attempts. The US. which is seeking to develop diplomatic ties with North Korea, has been reserved in its initial response to the submarine incursion.

"We don't know what the motivation was for these peo-ple to come ashore. I think it's too early to jump to conclusions," said Mr Nicholas Burns, US State Department

# **Barings** bid to uncover mystery

Continued from Page 1

"customer" had been invented by Mr Leeson.
The weakness identified by

Mr Kelly was that Barings failed to collect cash deposits from this "customer" to cover outstanding losses on futures and options. It was funding Mr Leeson's hidden trading itself.

The transcript of the conver-

sation has been obtained by the Financial Times, and will be published next week in a book. It shows that Mr Kelly was concerned that other banks in Asia were about to stop dealing with Barings.

Mr Baker is contesting a ban proposed by the Securities and Futures Authority, the City of Lendon regulator, for his role in Barings collapse. He has protested that he has been unfairly blamed, and his case is to be heard by an SFA tribu-

Mr Baker says he was not placed fully in charge of Mr Leeson until the start of 1995, on February 28. He argues that this was too short a time for him to solve a longstanding

# THE LEX COLUMN Funeral rites

FT-SE Eurotrack 200: , 1764.97 (+0.7)

but delegate asset allocation else-

Of course, this runs against the

traditional British habit of using a

fund manager not only to decide on

asset allocation but also to pick

stocks across the world. But the

logic of this "balanced" approach is

underwhelming: no fund manager

can be universally outstanding.

True, the US alternative - where the job tends to be broken up and

handed to a range of specialist.

firms - can be tricky to pull off

because of the inherent difficulty of

picking good fund managers; this

probably explains why the evidence

comparing the two philosophies is

inconclusive. Even so, the British

preference for balance probably owes more than is healthy to trust-

ees' reluctance to take on the hassle

of too many decisions. At the very

least, the threat of more "divide and

rule" would provide a useful means

of keeping balanced managers on

Minority shareholders in Lloyds

Abbey Life would be well advised to

accept yesterday's mixed share and

cash offer by Lloyds TSB. Lloyds.

has offered a premium to what was

in any case a very full share price.

bid up in anticipation of this deal.

The offer values the whole of LAL

at about \$4.4bn (\$6.8bn). Of that,

roughly £1.8bn can be attributed to

the general insurance and finance

house operations, according to analysts. This leaves the market's esti-

mate of the life assurance business

at around £2.6hn, a premium of 160

Lloyds Abbey Life

adopt the consensus.

Takeover bids are rarely a matter of life or death, but Service Corpora-tion International's audacious offer for its largest competitor, Loewen Group, comes close. A funeral company is like a utility, generating steady growth and a lot of cash. But funeral parlours offer substantial economies of scale. Therefore, in contrast with its sombre image, the funeral industry has become a dog-eat-dog world, where north American funeral companies vie for acquisitions - and get rewarded with heady stock market ratings. However, Loewen, which is the second largest, had to make a legal settlement last year which knocked its abares and therefore its ability to fund earnings enhancing deals. So SCI has moved in for the kill.

Loewen may find this a hard offer to refuse. Following the \$175m legal settlement, it is strapped for cash. It announced another acquisition yes-terday, but the structure - Loewen is a joint buyer and makes deferred payments - demonstrates its diffi-culties. Besides, there is stiff competition for deals, and growth would become pedestrian without acquisitions. By comparison, SCI has already suggested it may raise its initial offer, which sparked a 30 per cent rise in Loewen's shares last

Loewen's chairman owns 15 per cent of the group and may try to fend off SCI. But if SCI fails, it can refocus its attention on its fastgrowing European empire. Whereas f Loewen escapes this grim reaper, its shareholders will still be left with a long period of bereav

### Fund management

The kerfuffle over Mr Tony Dye's doubts about rising equity markets is rather beside the point. Of course PDPM's chief investment officer may have made the wrong call; time will tell. But in the meantime, to criticise him for departing from the consensus is perverse. On the contrary, since clients presumably pay Mr Dye to try to try to beat the pack, independent thinking is precisely his job.

Nor, even if markets continue to rise, is there any reason why nervous clients should abandon PDFM. After all, the fuss has everything to do with asset allocation and nothing to do with stock selection. And PDFM has in practice tended to be better at the latter than the former. So the rational response for a riskaverse pension fund would be to per cent to the embedded value of of 31 per cent are too much of a leave stock selection with PDFM business already written that is good thing.

carried in the balance sheet. No other deal in the sector has commanded a price anywhere near as high. Halifax paid a 24 per cent pre-mium for Clerical Medical, and the premium in the recent Sun Life flotation was about 60 per cent. LAL's profits are also being flattered because many of its products are sold free from Lloyds' premises.

parities and a series of the s

lensor:

That said, the deal is clearly worth a lot to Lloyds TSB, as it will allow a proper merger of its respec-tive financial services divisions. Combining Black Horse Financial Services and TSB Life, and their respective consumer credit and insurance companies, should bring substantial savings and allow develcoment of a more integrated brand structure. Its shareholders must only wish the deal had been done a year ago when LAL was some 50 where - or simply ask PDPM to per cent cheaper.

### Lloyds TSB

Can there be life at Lloyds TSB after Sir Brian Pitman? There are few instances where a company's fortunes are so intimately tied up with one man. Most likely, very little will change when Sir Brian ascends next year to the chair after 18 years as chief executive. He is not a man burdened with distracting trophy directorships that normally accrue to banking grandess. A brutal focus on shareholder value has been the hallmark of his time at the helm, and so long as he remains in the bank, he is sure to keep a firm hand on the tiller. There is also no evidence that his successor, Mr Peter. Ellwood, intends to rock the boat.

Much work remains to be done to extract all the promised benefits of the merger with TSB - a process which will be helped by yesterday's deal with Lloyds Abbey Life. It was fitting that it coincided with Sir Brian's elevation; the purchase of LAL in 1988 was a key step on the road to providing Lloyds with its domestic, retail focus that has proven so successful. In the mid-1980s Sir Brian retreated from the global stage, and largely eschewed low-return corporate and investment banking. His main rivals did

not exhibit similar prescience. If there is one wrinkle in this tale, it is that Lloyds TSB may become a victim of its own success. A future government hungry for revenue may look to the banks - and may feel returns on equity of the order

# Swedish budget criticised over lack of job measures

### By Greg McIvor in Stockholm

Employers, trade unions and opposition parties yesterday attacked Sweden's Social Democratic government for failing to address the country's seriits annual budget.

Mr Erik Asbrink, finance minister, stressed that the gov-ernment had succeeded in stabilising public finances faster than expected, in spite of slack economic growth. He said Sweden would next year be on target to participate in a European single currency.

gross domestic product growth would need to exceed 3 per cent - outperforming baseline finance ministry forecasts - to lowest in the European Union. meet repeated pledges by min-isters to cut the unemploy-SKrebn (\$1.2bn) in structural

Presenting the 1997 budget, Mr Asbrink conceded that cast. But he insisted the 4 per or 8 per cent of GDP. cent goal would now be the government's top political priority, and was within reach. In a rare display of consen-

eaders in denouncing the lack of measures to tackle near-record unemployment.

Mr Per Olofsson, managing director of the Federation of Swedish Industries, said measures to stimulate growth and job creation were "conspicuous by their absence". The budget contained no attempt to encourage companies to employ more workers, he said.

Mr Asbrink warned any chance of achieving the 4 per cent unemployment rate would be threatened by excessive pay increases. Wages are However, he said annual expected to grow by 5.5 per cent this year and 4.5 per cent in 1997, well ahead of inflation - currently 0.3 per cent, the

ment rate to 4 per cent by 2000. savings announced earlier this year. It contained no new cuts on top of the government's unamployment of 7.7 per cent four-year rolling programme to this year was higher than fore-

Financial markets reacted positively to Mr Asbrink's decisration that no further cuts were needed to bring Sweden sus, Swedish industry joined inside the criteria for Euro-

trade unions and opposition pean monetary union next year, although Sweden has already signalled it is unlikely to be among the first countries

to join the single currency. Long-term interest rates dropped, with yields on the 10year government bond easing 8 basis points to 7.61 per cent. The krona firmed initially against the D-mark and lead-ing European currencies, but later slipped back to close slightly weaker on the day.

Mr Asbrink said the public finances had improved faster than expected due chiefly to higher tax revenues. The public sector deficit would be 4 per cent of GDP this year, falling to 2.6 per cent next year, well inside the 3 per cent target for Emu participation. He reaffirmed the government's intention to seek a permanent budget surplus from 1999.

Consolidated gross debt had stabilised already last year, the government said. It would fall to 84 per cent of GDP this year and to 70.6 per cent by 2000. Forecasts for economic growth were upgraded to 1.6 per cent this year, 2.8 per cent in 1997 and a peak of 2.6 per

# Russian warning to Nato

Kremlin turns to car sales

the factory by throwing it the lifeline still craved by the Soviet-era managers who continue to run many of Russia's enterprises - a large and reliable government contract.

Continued from Page 1

"For the factory, this is a question of life and death," said Mr Andrei Vavilov, dep-nty minister of finance. He

would not say how many cars the government planned to order or how much it would

In lieu of cars, eligible bondholders can opt to receive 60 per cent of the Moskvich's list price (Rbs30m, or \$5,600) in cash and be compensated for remaining 40 per cent with bonds to be redeemed over five years.

Continued from Page 1

FT WEATHER GUIDE

in Europe. Mr Primakov avoided any direct reference to proposal by Mr Warren Christopher, US Secretary of State, for an enhanced Russia-Nato relationship, including a formal charter, as a way of soothing Moscow's objections to enlargement.

But the minister said it was

understood that Nato faced three main issues: internal reforms, a special relationship with Russia and enlargement.

Diplomats said that by hinting at a trade-off between enlargement and Russia-Nato relations. Mr Primakov was acknowledging that Moscow might be unable to stop expansion and should instead negotiate the best possible price.

# Europe today

Southern Scandinavia and

northern sections of Germany and Benelux will be fine, due to high pressure in the Norwegian Sea. Ireland and Wales will be bright and sunny. England and Scotland will be cloudy with a few light showers along the east coast. There will be cloud and patchy rain along a front running from Belgium across the northern Balkans towards the Black Sea. Southern France will have heavy rain, which will reach north-west Italy later.

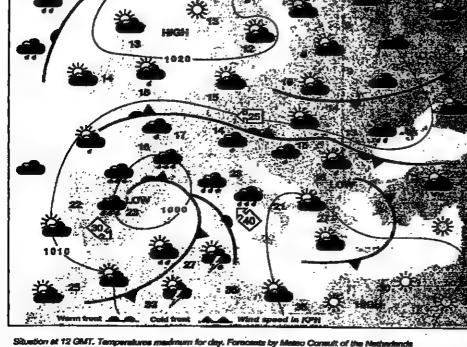
Five-day forecast

Some showers will be accompanied by thurder.

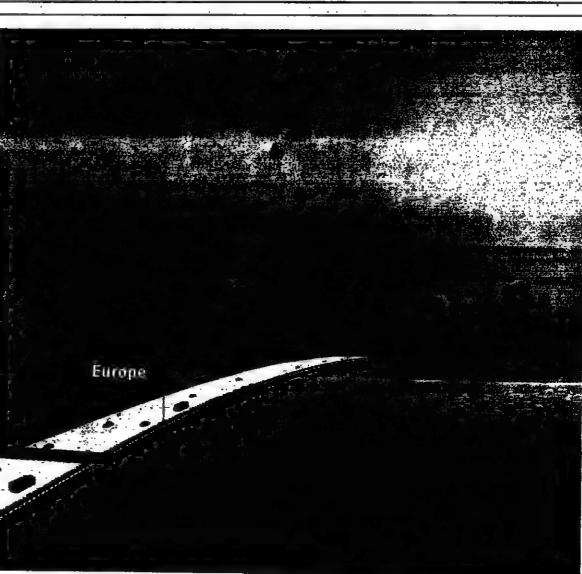
The southern side of the Alps and Itely will have heavy rain on Sunday and Monday, Italy's coastal areas will be very windy. The wind and rain will reach the Balkans on Tuesday.

### TODAY'S TEMPERATURES

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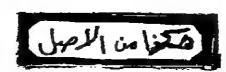
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Pornography and art: we are the censors

now Christian Tyler finds a moral in

the sado-masochistic work of the late New York photographer Robert Mapplethorpe

collection which ticks like a Gelger counter of public tolerance opened in London on Thursday. The works of Robert Mapplethorpe have been shown in a dozen countries since 1992 with only a scattering of complaints. Before that, in the US, there wes uproar. A gallery director in Cincinnati was taken to court (and acquitted) and another in Washington caved in to threats that his museum would lose a public

SAL DEFINITION

The latest exhibition, at the Hayward gallery in London, has partly succumbed to police advice by removing three items from the catalogue on the grounds that it had no control over their wider dissemination - on the Internet, for example and one photograph was omitted from the exhibition

The picture which can all the trouble had nothing in common with the grotesque scenes of bondage and humiliation which dominate the largest exhibition of Mapplethorpe's work yet shown. The photograph was of a little girl of about three years old wearing a dress but no knickers.

Although the gailery defended its decision to remove "Rosie" by pleading lack of space and by declaring - without irony - that she was not a typical work, its final reason was clear. the social climate. In Britain, where an intellectual liberal elite had taken pride in a post-Mapplethorpe mentality of accepting all hung before it, no matter how vacuous the violence or exploitative the image, there are limits.

As represented by Juries, the British public shows a remarkable tolerance of adult pornography. But it will not put up with people

photographic dren. What is more, the Mapplethorpe retrospective (he died in 1989 at the age of 42) has coincided with an uproar in Belgium, broadcast worldwide, about a murderer of young girls who has apparently enjoyed official protection. In England, the memory of the serial killer and torturer Frederick Wast is still fresh

Current preoccupations with paedophilia and child abuse are so intense - even without the pre-emptive shriek from British TV presenter Esther Rantzen about the Mapplethorpe show that teachers are anxious about taking pupils by the hand on walks. Parents take a risk when photographing their children naked, as another TV presenter, Julia

Paintings of Lolitas by the artist Balthus are scrutinised for the taint of child pornography

Somerville, found when she was arrested and quizzed by police last year over snapshots of her child in the Doxt Zr.

Among those vulnerable to this sensitivity are artists of far greater talent than Mapplethorpe, whose photographs, even by the standards of pornography, are hard core.

The modern realist Balthus, whose paintings of Lolitas who have crossed the borders of innocence, are under scrutiny for the taint of child pornography. Mouton Rothschild was recently obliged to withdraw 30,000 who muck about with chil- bottles of its 1993 vintage liberal intellectuals and place and time, the gay sub- the public, reconciled to the



So long as there were taboos to be broken, western

regarded by the art Establishment as somewhat passé:

culture of New York in the 1970s. Mapplethorpe's contribution may turn out, however, to be more important than the pundits realise. he comes from that far-off marking the moment when many forms but weary of the endless insult to human dignity, turned its back on the extreme violence of late 20th

If the sexuality of children is to be altogether off limits, should we not worry about the gratuitous violence of Quentin Tarantino's films, the mindless brutality of pornographic videos and the ugliness of Mapplethorpe's fine photography? If, after all, there is a line to be drawn - in life as well as art - who is to draw it?

The portrait of the artist emerging from the Mapple-thorpe selection is not of a clever studio photographer who took sex pictures on the side, but of an obsessive sado-masochist who happened to have an eye for composition, a knack with lights and camera (which did not extend to the dark-room - his printing was done by an assistant) and who also had a fondness for flowers

and famous people.

An early sign of Mapple thorps rejection came from the critic Robert Hughes of Time magazine, enemy of

Words such as 'taste' mean nothing in a world where the artist is sacred

ultra-conservatives and ultra-liberals alike. Hughes recounts in Culture of Com-plaint how he refused Mayplethorpe's invitation to write a catalogue introduc-

"I had to tell him that since the X portfolio was obviously a key to his work and...his main claim to originality, and since I found the images of sexual humiliation and torture in it...too disgusting to write about with enthusiasm, he had better find someone else. Which he dia."

If pictures like these were on open display in London's Soho, still a bit sleszier than the New York variant, the joint would be closed down. If these scenes had involved women, however complaisant, or - perhaps even worse - animals, not even the gallery's status as a temple of culture would have protected it from the mob. Indeed, the last time the Hayward took precautions before an exhibition was with an "installation" which required a live parrot to alt on a perch. (The parrot

stayed.) David Elliott, director of the Museum of Modern Art in Oxford, half-jokingly described the Hayward's pre cautions as "asking a copper what to hang on your walls". Having put on his own Mapplethorpe show in 1983 he regards the event as some what old hat; the pictures

fact that sexuality takes themselves he described as "a mixture of beautiful, trivial and comic".

His museum would like to stage a Balthus exhibition. 'We would never be afraid of the consequences," he said. "If you are going to have a battle, have it about something interesting, so something valuable can come out of it."

The distinction between art and pornography has never been clear: Courbet. Picasso, even Degas, Turner and Titian produced erotic works which would have offended public morals in their day. But time and context remove the sting. We laugh at the innocence of priapic figures on Attic vases or the fertility symbols of primitive cultures.

Today the distinction has

all but vanished. Words such as "taste" mean nothing in a world where the artist is sacred and where art is selfreferentially defined as anything which challenges our notions of what art is.

This work is honest work by an artist of integrity, a complex artist," said Martin Caiger-Smith, organiser of the Hayward exhibition. "It is problematic, but this is part of the potency of the work." Could Mapplethorpe's work be called perverted? "By the standards of many people it might be. But some people think homosexuality is a perversion. And that is the point.

Social prohibitions - including legal controls - depend on current diagnoses. At one time homosexuality was thought to be the result of older men corrupting youths, at other times a disease or a mental illness. In the same way, images of women which were once banned on grounds of decency (or "prudery" to use the modern term) are now banned because they show men exploiting wome

The fluctuating nature of the controversy is recognised in British law: there is a two-year time limit on prosecutions for obscenity, the only indictable crime with such provision.

Galleries and similar bodies enjoy special protection under the Obscene Publications Act, 1959; even if a published work is found obscene it can be defended on the ground that it advances the cause of science, literature, art or learning.

Prosecutions of art galleries are rare and the police do not usually investigate unless they get a complaint from the public. But, in 1990, the Court of Appeal upheld fines on an artist and the owner of a gallery near Waterloo Station in London for the common law offence

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There is no international arts. guide this week. It will naturn With today's

Weekend FT: **Residential Property** - a 12-page supplement



### Joe Rogaly

# Sultans of dollars and sense

What can we do about the growth in the numbers of the super-rich? Anything?

we knew what to do about the superrich. We could express envy, without shame. We could hit the fortunate few with high taxes. Better still, we could chop off their heads and steal their money. None of that kets, praise be to Mammon. would be acceptable now. Yet there are enough billionaires, measured in dollars, to form a tribe, the Billi. This is more accurate than Wa-Benzi, the east African name given to top persons ated in the sociology departriding in new Mercedes.

The money-mountains upon which the Billi sit seem to grow of their own accord. Interest on some of their holdings is accumulat-numerous clan, it is only ing faster than you can read this article. The ghost of Croesus must be wondering why the last king of Lydia had the rotten luck to be

born 2,500 years too soon. We can only gawp, There is no currently respectable theory on which to base any other response. Some economists argue that the opportunity to accumulate wealth is a necessary numerical of the poorest out of Tesco, a rival to his capitalism. If entrepreneurs bined income of the poorest

rupt. Others say that nothing trickles down, that the emergence of the Billi is a. mere by-product of unrestrained private enterprise

let loose in free global mar-Bither way, there is no elucidation to be had from economics. We must ask the Sultan of Brunei, or the Sultan of Microsoft, to fund a chair of Billi studies, situment of an Ivy League college. There could be an associate chair to concentrate on millionaires, the Milli. Although the more one thousandth as fascinating as the more exclusive

Our well-funded professors could start with a database. They should be wary of the Human Development Report published by the United Nations in July. In case you were on holiday, the UN told us that the total wealth of the 358 billionaires is a necessary function of it knew of equalled the com-

do not perceive a chance of 45 per cent of the planet's supermarket chain. The secraking in a jackpot, they population. Comparing ond is to do some goodwill not risk going bank- wealth with income is You see? Billi can be compared to the planets supermarker chain. The doubtful methodology even for sociologists. Next stop would be Forbes

magazine, which told us a few issues ago that the planet is host to 447 billionaires. This is a leap forward from the 274 noted in 1991. "Inherited" still accounts for some of them, but many appear to have been wealthcreators, and not just for themselves. What I want to hear from our fancied William Gates professor of Billi is, will there be 1,000 in the tribe 10 years from now? How will they protect themselves, and where are we to find parking for their privately owned jumbo jets?

The answer is likely to be that most members of this tribe are diligent, ambitious and lucky. Dull workaholics, nearly all. Britain's David Sainsbury is an earnest. Billi I owe him a cup of coffee, in return for one he 0171-250 3484). It tells us that bought me at a party convention. He seems to be motivated by two ambitions. The first is to beat the hell

You see? Billi can be charitable. Some, as in Brunei, spend their money flamboyantly. A few - Silvio Berlusconi, Malcolm Forbes, James Goldsmith, Ros Perot - try to buy their way into politics. They usually fail.

Most members of this tribe are diligent, ambitious and lucky

make the effort. Meanwhile their poor relations, the Milli, are becoming as common as muck. Take this week's report from Britain's Incomes Data Services (London telephone the average highest-paid director of an FTSE 100 company received £684,671 in total emoluments in 1995-96. This is a 12.6 per cent increase on the previous financial year. Translated into dollars, that makes them all Milli Business Week gave us

comparable US figures in April. In 1995, the average total pay of the two highestpaid executives at 362 of the largest American corpora-Watch that \$3.7m. It is three to four times the going British rate. It gives a touch of verisimilitude to the not very likely story that companies need to pay well to keep their best executives from crossing the Atlantic. You probably expect me

What beats me is why they to wag a finger at this point. That is too easy. True, public sector pay is being held down, while in the US average wages have been falling for two decades. But this is not the fault of either of our growing tribes, not the Billi. who live above the clouds, and not the Milli, who to judge by the ones I know. work hard. The unease some of us

feel is due to our inability to rest of humanity.

could tighten the rules of corporate governance, ensure that bonus packages are properly earned, allow shareholders to sue boards that pay unjustified amounts. Fine. We would be tinkering, but there is little harm in that. We could slap tions stood at \$3.7m. The new taxes on millionaires annual increase that got and billionaires but it would them there was twice as not bring in much money, high as the rise in profits. and the threat of doing so might lose votes. We would be fussing, with marginal

effect.

envisage a better way. We

The core of the matter is intellectual. Until the 1980s we organised our polities around a belief in the essential unity of society. Some would have more than others, to be sure, but there were unspoken limits, points of restraint. We thought that redistributive taxation was just. For two decades we have chosen another path. Nobody has shown us how to get off, or whether we would be happier if we did. Until someone comes along with a fresh idea the Billi and Milli will multiply, and soar above the

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### PERSPECTIVES

he planet's surface tears itself apart. Lava erupts from some of the fissures. From others gush superheated solutions of toxic salts, hotter than molten lead. Around them jostle crowds of bizarre creatures living off chemical energy in the perpetual darkness, at pressures so great that a human being would be crushed

flat within an instant. An alien world? No, life today in the most geologically active region on Earth: the chain of "mid-ocean ridges" that runs across the globe for 50,000km, like an irregular seam on a giant

Every ocean has its ridge, a volcanic mountain range beneath several kilometres of water. This is where molten rock rises from inside the Earth, creating new crust and pushing apart the continental plates. Most active is the south Pacific ridge, which is spreading by 14cm each year. The mid-AtlanThe Nature of Things

# Secrets of the abyssal infernos

Industry could benefit from the creatures of the underwater volcanic ridges, says Clive Cookson

north America apart by a relatively modest 2cm a year - about the same growth rate as a human fingernail.

Studying such an active volcanic region at such great depths is at the British Association hazardous. At the least, scientists have to spend weeks on storm-tossed research ships, trying to position their equipment accurately at the end of cables more than 4km long. The more intrepid researchers visit the ridge in person, descending in a titanium sphere with walls 10cm thick to withstand the water

Their latest geological and bio-

logical discoveries were described during a presentation by the British Mid-Ocean Ridge Initiative (Bridge), an £11m programme funded by the Natural Environment Research Council, conference in Birmingham last

For the biologist, the most interesting places on the ridge are the hydrothermal vents - hot springs that expel superheated water from the sea bed. Some, the "black smokers", are so rich in minerals that dark clouds of metal sulphides rise into the ocean like plumes from industrial chimneys.

Dense colonies of animals cluster round the vents, living off bacteria that feed directly on sulphide chemicals at temperatures above 100°C. In the Pacific, vents are dominated by giant tubeworms - bizarre creatures up to: three metres long, which have no internal organs of their own and : appear to be little more than huge bags of bacteria.

In mid-Atlantic vents, blind shrimps are the dominant species. They have no eyes but a heat-sensitive organ on their back that enables them to home in on the vents.

One mystery is how the animals travel between vents, homes,

which may be tens or hundreds of kilometres apart. They are not adapted to live anywhere else, but no vent is everlasting. Eventually the flow stops. How do they find new vents?
According to the latest Bridge

research by David Dixon and colleagues at the Plymouth Marine Laboratory, the blind shrimp have larvae with eyes, which can be distinguished from those of conventional shrimp only by genetic tests. DNA fingerprinting of shrimp larvae trawled from the deep oceans shows that vent species travel for hundreds of kilometres in search of new

While they are migrating, the larvae live on plankton, derived ultimately from photosynthesis in the upper layers of ocean. So the "chemosynthetic" vent ecosystems are not, as scientists previously believed, totally independent of the photosynthetic

Next year, Bridge researchers will try to bring adult blind shrimp up from a hydrothermal vent, alive, in a pressured chamber so as to study them in more

Hydrothermal vents have been discovered at an increasing rate since the first was found almost 20 years ago. Worldwide, 150 are known, and Chris German, vent explorer at the Southamp ton Oceanography Centre, says there could be as many as 300 in

the Atlantic alone.

These abyssal infernos could
eventually be important for industry, in two ways. First, the creatures living there must have enzymes and metabolic systems that enable them not only to thrive in extreme heat, but also to withstand very high levels of toxic metals such as lead, cadmium, mercury and arsenic. These might be useful, for example, in the search for better ways to clean up polluted stretches of coastline.

Second, mineral deposits surround the vents. Black smokers are often associated with spires of metal sulphide compounds, as tall as cathedrals. These are probably as rich as any conventional deposits of metal ores, but it remains to be seen whether it will be cost-effective ever to mine them.



Minding Your Own Business

# Masters of the peaks

David Spark meets an adventure team that takes groups along a different route

hen Glenn Rowley read about Pakistan's mountains in Galen Rowell's book The Throne Room of the Mountain Gods, he decided he must see what Rowell had photographed. It led him and his friend Tim Greening, a former London bicycle dispatch rider, to found Karakoram Experience, now KE Adventure Travel.

In 1995, the company had a turnover of £870,000, taking 500 people on foot, truck or mountain bike to the great peaks of Asia and elsewhere. This year it expects to turn over £1.2m and accommodate more than

in 1984, K2, the world's second highest mountain, was still hard to reach. First, you had to get to Skardu on the Upper Indus, after a bone-shaking bus journey from the Pakistani plains. "The road was tion, and one day in the other. It was

walk through a hot, landslide prone gorge and then up the Baltoro glacier to reach Concordia, from where K2 and the adjacent Karakoram peaks can be seen in all their glory.

The 1980s was a golden age of climbing. In Rawalpindi, Rowley and Greening met Reinhold Messner, conqueror of all the 8,000 metre peaks in the world. They also met an independent guide, Mohammed Iqbal, with whom they formed a

Back home, they put up £500 each to produce a brochure and advertise in a climbing magazine for people who would pay £2,000 each to go to K2 in 1985. Ten went. "We did all the cooking ourselves and put all the tents up ourselves," Rowley recalls. That was the start of Karakoram Experience, Trekking to Everest and

well established by 1985 but no one

Away to the west in the Chitral valley, Siraj Ul-Mulk heard about the venture and explored new routes with Greening while Rowley trav-

elled through China. "To start with," says Rowley, "we weren't making a lot of money, only financing our own travels." Then in 1987, while he was in Australia and his mother was in charge of the business, bookings took off. Turnover forged ahead to £240,000 in 1988 and £400,000 in 1989. "We moved up to

Keswick and started to do it full time." and they became the first to take a group up Mount Elbrus in the Caucasus. Although altitude has a severe effect on people, says Rowley, the thrill of seeing bears, snow leopard

or ibex makes people feel it is worth These days half the food for a trip is exported from Britain., Local com-

the most frightening road you could drive on," says Rowley.

From Skardu, it was a three-day f

Rowley says one of the main rea sons for the company's success is its staff. KE has more than 20 trek leaders, some full-time. All are trained in

Eight years ago, KE advertised treks by mountain bike and failed to get a response. But now they are proving popular - especially the downhill routes. The 600-mile Lhasa to Kathmandu trip ends with a descent from 5,400 metres.

KE also makes arrangements for climbing groups and for schools. Loughborough Grammar School pupils joined in raising £15,000 and helped install a clean water supply for the village of Hushe, near K2. In January, KE heard from Hushe that the first nine taps were working, in spite of very low temperatures. ■ KE Adventure Travel, 32 Lake Road, Keswick, Cumbria CA12 5DQ of a lifetime...

Just another day on the riverbank turns into a special experience for Hugh Dickinson

Fishing

It was the catch

too bright. In the meadow behind us the silvery leaves of the poplars shimmered in a faint breeze of the upper air, but nothing touched the

ssy surface. Flotillas of young ducks skittered behind anxious mothers. One had 18 ducklings. Moorhens fled hysterically as we approached. A few late mayfiles flopped about in the heat. A king-fisher's blue streak fisshed up stream with its shrill whistle.

We fished 100 yards apart on a stretch of river where the current runs deep between beds of weed, father and son (home on leave from Africa) sharing a rare day of

gentle rivalry with the rod. He can cast further and more accurately, I am more wily and know where the trout lie. But this morning every movement on the bank was seen by the fish before we saw them. I resigned myself to a blank day as yet another spooked fish darted up stream

A shout from below me brought me running with a net. He had seen a rise right under the far bank and with his longest cast he had covered it. A slow, sluggish resistance as he realed the fish in was explained when we landed the largest reach I have ever seen. We admired its beauty and slid it back

into the cool water. We caught and returned half a dozen small fish and then adjourned to the pub for beer and sandwiches and tales of the giant perch of

central Africa. We stood on the bridge above the pub and watched a 21h trout rising like clock-work to a tiny white midge, ignoring everything else, even the occasional drowning mayfly. It was instruc-tive. It did not bother with anything that was more than four inches away from its nose. From the bank it would have been impossible

to see what it was taking. We idled the hot after away in that lovely landscape, watching a sparrow hawk hunting along the edge of a copse and water rats prospecting the river

As the shadows lengthened we moved up to a pool which I had been treasuring

the river runs in a tight S-bend.

The current runs along the inner bank of the upper curve and then broadens out into a shingle shallow. In the deep water above the gravel there are always good fish. But the enterprise is made almost impossible by a huge decapitated plane tree standing right on the edge of the lower curve, the deep current washing its roots while its outer branches hang only 10 inches above the surface.

Kneeling on the bank beside the shallows you cast horizontally up into the fast stream under the tree. I showed Ben the trick and

> A big fish going hell for leather in a small river is a most thrilling and

sure enough, two minutes later, he was into a fine 21/1b

"Well that was worth waiting for," he said. At that moment, out of the corner of my eye, I saw a rise. "That's a good fish, I think." Yes, t impossible to reach. We both tried every possible angle and lost three flies in the process. I was for giving up and moving on but he was determined to have another try.

Ben trotted to the bridge downstream and pushed his way through the bushes sinking over his shoes in the mud. The fish rose gently and I saw a big dorsal fin. It looked huge.
But from the far side the

evening sun shone directly on to the surface of the stream. Crouching and casting over his left shoulder he could not see either the fish or his fly in the glare. I lay flat on my stomach and directed operations from the near bank. "Six inches below him and a bit too far." Curses. "That about right. Try that again No I think you've spooked him." Then there was the most almighty splash and the scream of the

this witching moment. Here reel as the fish took the fly and torpedoed up stream. A big fish going hell for leather in a small river is a most thrilling and terrifying experience. This was a very big fish. It took the line out to the backing and looked as if it was going to go round the further bend before the weight of the river and the pull of the line slowed it. Then it came steaming

downstream as if heading for the Solent. There was a near disaster when the line caught in a lower branch of

the tree. "Keep your rod down!" I yelled as I headed for the bridge. By the time I had fought my way through the bushes Ben was up to his thighs in the river with the fish tearing backwards and forwards with sudden plunges and rushes looking for a way out of the pool.

I waded out on to the shingle to stop him running downstream - I had lost several fish there that way before. From my vantage point I could see the fish clearly as it raced past in the deeper water, a huge golden and red shadow. I could also see that it was very lightly hooked. My heart was in my

I slid the net out on to the bank of the shallows at full stretch. Twice it tore pest just out of reach. The third time it paused just in the deep water by the gravel. Gently I lifted the net and it was in. I staggered to the bank with the thrashing monster soaking me with spray. Ben had to help lift it ashore

Panting and triumphant we looked down at the fish of a lifetime glinting in the evening sunshine on the meadow grass.

"My God," he said. "Just look at that!" We walked back to the car with two more fat, but ordinary, trout in the bag. The half moon picked out a rare barn owl ghosting along a hedge. A white mist was rising on the water meadows. Up on the cornfields the combine harvesters were bringing in the wheat, their headlights cutting swathes across the

On the cooling air voices carried from the village & mile away downstream. A mallard flew over, quacking of in the darkness. Africa

# Pornography and art: we are the censors

of outraging public decency. The offending work, "Human Earrings", consisted of freeze-dried human foetuses attached to a modelled head, The law is "an absolute

lottery", according to Howard Manning, the police officer who, with an inspector colleague, was called in to review the works at the Hayward Gallery.

Manning works in the obscene publications section of the Clubs and Vice Unit of the Metropolitan Police. He said the law on indecency, designed to protect children. is vulnerable to fashion but relatively tough.

Obscenity verdicts, on the other hand, are erratic and

Chans No. 1,146: 1 Rg2(threat 2 Ng3) NIS 2 t3, or Nh4 2 CH4, or NeS 2 Nd5, or BeS 2 Ch1, or NB 2 Bb1,

secure. "The same material can be convicted and acquitted in the same court in different weeks. We don't know where we stand." But Sgt Manning is a realist who accepts that if there is no consensus today, there probably never was one.

A graphic illustration was provided earlier this year when members of the O'Sullivan family and others, said by the police to be Britain's biggest suppliers of hard core pornography. were acquitted by a jury which had spent more than 30 hours looking at videos and magazines containing extreme sexual violence.

Were those jurors raincoat image - and rain-repelled? Were they dis- coats have no lobby." gusted? It does not matter. The prosecution has to show that the material is likely to deprave and corrupt. And the obvious defence is: anyone likely to see such stuff is deprayed and corrupted zines containing pictures of

It is difficult to determine whether juries are showing a commonsense response to irresolvable issues, or are being frustrated by badly drafted law.

One of the defence barristers in the O'Sullivan case was Charles Salter, Inclined to agree with Manning's "lottery" verdict, he also thinks juries will convict if they are determined to, whatever the

Salter, a liberal with doubts, said: "No one will ever be entirely rational. Everyone has anxiety about their own sexuality. People won't admit to liking pornography, so you get this

He claims to have found sympathy in the most unlikely places, such as a jury including four Irish Catholics and a Moslem woman which let pass maga-

women in bondage. "But my favourites are old ladies. They were girls through the war and have seen it all. They think this stuff is

Meanwhile the art pundits. terrified of making judg-

You hardly

need to know Mapplethorpe was brought up a Catholic

ments that might be deemed censorship, are striking ever stranger poses in order to demonstrate artistic justification. Here is Germano Celant, catalogue editor of the Mapplethorpe exhibition,

on Gentlemen: *Gentlemen* seems to declare Christ's rebellion

reversal and overthrow of symbolic values, it makes everything interchangeable, confusing god and demon...Mapplethorpe sal-

vages the homosexual discourse, which is taken on as a discourse on criticising to itself. and breaking the paradoxical assumptions of current ideology."

And the object of this critique? A photograph of a man sitting on a barrel, dou- artistic pretensions. "As free bled up, with his bare but- men willingly restrain a tocks spread over a crucifix. (You hardly need to know that Mapplethorpe, like the pop star Madonna and Andres Serrano, author of Piss of expression." Christ was brought up a Roman Catholic.)

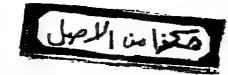
No amount of intellectual tergiversation will convince the man and woman on the Clapham (or Cincinnati) omnibus that this is the last word on the matter. Nor can they rely on the law to settle things, for the law has

against the 'law' and, with a shown itself at a loss in a society where norms are no longer handed down by political and religious leaders to the grateful masses. From now on, in the era of post-Mapplethorpe morality, the public will have to play jury

In The Secret Museum, a history of pornography, Walter Kendrick refers to a speech by Richard Nixon - a man not often accused of measure of their freedom to prevent anarchy, so must we draw the line against pornography to protect freedom

Nixon added that if dirty books had no lasting harmful effect on character, then great books, paintings and plays had no ennobling effect. "Centuries of civilisation and ten minutes of common sense," the former American president said, "tell us otherwise."





### PERSPECTIVES



# A future for food of the past

### Nicholas Woodsworth marvels at how bush tucker has been turned into 'sophisticated native cuisine'

ustralia's virile, two-fisted. whack-it-on-thebarbie culinary past may be fast disappearing, the victim of growing sophistication. But it still offers scope to those with a little flair and imagination, I thought as I stroia butcher's shop in Darwin.

Dickinson

not long ago.
"BLOODY GOOD MEAT, BLOODY GOOD VALUE", screamed an advertising panel of Darwin Fresh Meats to passing traffic. And as far as I could make out, the back-to-basics approach was working famously well - the establishment in question was full of what evidently were bloody happy shoppers.

The throw-back simplicity - dare I say the primitiveness - of the advert struck me, for the question of Australia's historically rudimentary esting habits had lately been on my mind.

I had recently returned from the deep bush of the Northern Territory where I sampled the most basic fare of all - foods that Aborigines, the first Australians, were eating at least 50,000 years before the continent saw its first grilled lamb

Now, despite its novelty, I questioned the pastime, increasingly popular among Australians, of going into the outback to collect what is called bush tucker. Crocodile Dundee may not have had any problems living off the land, but I certainly had. Attempting to extract the

kernel of the pandanus paim in the genuine aboriginalway, i smeshed my thumb with a rock. Intent on collecting the little water-chestnut-like bulb of the spike rush. I became intractably bogged down in a swamp. Trying to bite green ants, I got bitten by green ants. It is too painful to go on - you have the idea.

Was there any real future. I asked myself, in the food of the distant past? The answer, I discovered after a few days of brooding thought, is, most definitely,

It was on another pavement, this time in the north Queensland town of Calms, that epiphany came. Posted outside the Red Ochre Grill I came upon a menu devoted entirely to "creative native Australian cuisine".

Among the offerings: kangaroo stir-fry with black bean chilli sauce; smoked kangaroo ham with bushtomato salsa; possum won-ton; crocodile fillet tempura; freshly shucked oysters with wild lime chilli sauce; duo of emu and wallaby medallions with bush-tomato souffle and juniper berry glaze ... I read no further, but hur-

sauces; I told James Fielke. Red Ochre's manager, that this was a far cry indeed from the tough, sour, rootand-herry-style native cuisine I had tried until now. How in heaven's name, I asked, had the jump been

> It was not so difficult, he three decades of adopting ingredients and cooking

Only in the last decade has it become legally possible for humans to consume kangaroo

styles from one culture after another, Australians are well and truly over their "cultural cringe" - that infe-riority complex which for the first half of this century kept them eating from tins and jars judged superior simply because they came from

"We ate very badly," mused Fielke. "Even the roast and three veg on Sunday was bad. I still remember eating Christmas pud-desert areas. So too does ding and custard in 40 ocean trout, fished from the Soufflés, tempuras, glazed

degree heat because that is what they are back home'. "Since then we have learned to synthesise - if we

could take Mediterranean cooking from the Greek and Italian immigrants of the 1960s, and south-east Asian cooking from the Thai and Vietnamese immigrants of take something of the cooking of the people who were here all the time?"

Why not indeed? When Captain James Cook first reached Australia in 1770 he used warrigal greens, a spinach-like ground cover, to allay the effects of scurvy suffered by his crew.

After that time, though, new arrivals to Australia assiduously avoided local foods, the earliest of them risking starvation. Only in the last decade, for example, has it become legally possible for human beings to consume kangaroo, meat Fielke much praise for its high-protein, lowcholesterol, pesticide-free content.

At this point the "Australian antipasto plate" I had ordered arrived. I could only agree with him. Cholesterol questions be damned, smoked kangaroo tastes good. It tastes even better in a piquant sauce of bush tomatoes - the berries of a small shrub found in inland

nearby Great Barrier Reef, taste better marinated in lemon myrtle - the aromatic, citrus-flavoured leaves of a tree found in the rainforests of Queensland.

There are hundreds of different spices, leaves, fruits, roots, meats, nuts, berries, fish, fowl and other foods found only in Australia. Fielke told me. His brother Andrew is one of a handful of chefs who pioneered the transformation of bush tucker into sophisticated "native Australian cuisine".

Beginning his experiments about a decade ago, he came up with such offerings as witchety-grab soup, made from a large white magent found in rotten logs and once an important part of

the Aborigines' diet. Witchety-grubs are no longer on the menu, but about other indigenous foods are. The important thing these days, Fielke told me as I downed a wallaby medal-lion as tender and tasteful as any beef fillet, is not novelty, but quality. Now surrounded by a plethora of cooking traditions Australians are now too discerning to be otherwise attracted.

Nor is there any aversion to combining local ingredients with non-antipodean cuisines and techniques thus terrines of leek and yabby (Australian freshwater crayfish), or roulades

of wallaby and rabbit with a glaze of pepper leaf (a hot leafy shrub from Tasmania). And so to dessert - a sorbet of Australian champagne and lilli pilli, a wonderfully

sharp and spicy cloveflavoured berry from New South Wales. It was superb, with a taste quite unlike before. Like other native Australian spices and flavourings, it owes its peculiarities to a continent where sunshine, drought and harsh conditions have created wild plants that are aromatic and high in essential oils. Pepper leaf and lemon aspen are to the outback what thyme and

Will they make a similar jump to the spice racks of the world? That remains to be seen. In the UK, J. Sainsbury is already selling a salad dressing of lemon aspen and oil of macadamia nut - yet another indigenous

resemsry are to the Mediter-

Australian product.

Down Under, the popularity of native Australian cooking is growing, restaurants such as Red Ochre are popping up in cities across the country. Indigenous cuisine is, in fact, showing the same qualities as that other quintessentially Australian product, the boomerang: once thrown away by Australian diners, it is, after a long absence, returning to their plates.

### Dispatches

# Alternative TV in the basement

### Bernard Simon finds a channel that is free of American sitcoms

than usual these past azine calls it, is wrestling few weeks in the base- with an identity crisis. ment of my suburban Toronto home. Besides tidying up the workbench and getting the gas furnace ready for winter, I have been doing what many Canadians do in their basements watching television.

If there is such a thing as a good time to watch TV in North America, September is it. The re-runs that fill July and August have made way for a fresh season of sitcoms, mini-series and talk shows that the networks hope will propel them to the top of the audience ratings. The new offerings have just a month or two to prove themselves. Those that do not find instant favour could be toast by Christmas.

As usual, attention is mostly on the big US net-works. But the Canadian Broadcasting Corporation deserves more than a passing mention. For the first time in recent memory, the CBC has launched its annual season with not a single American programme in the

prime-time evening slot.
This is no small achievement. It means that I have been able, without reaching for the remote scanner, to avoid *Seinfeld, America's* Most Wanted and Larry King Live, not to mention Bill

Clinton and Bob Dole.
None of the privately owned Canadian networks has been brave (or foolish) enough to follow the public broadcaster's lead. After all, chances are slim that viewers and advertisers (even Canadian ones) will desert the canned laughter, tabloid story lines and non-stop action that are the hall-

marks of the US channels. The broadcast regulator in Ottawa made the CBC's challenge even tougher earlier this month by awarding cable-TV channels - everything from round-the-clock business to round-the-clock comedy. But I will be crossing fingers for the CBC, and millions of other TV viewers around the world should be doing the same.

Canadians have long identified the CBC as one of their national treasures. It reaches homes across five time zones, from the US border to within a few hundred miles of the North Pole.

Most important, it reminds Canadians why they are not Americans, An entertaining two-part documentary explored just that question last week. The Canadian view was summed up by a volunteer at a war museum in Brandon, Manitoba: "I don't think [the Americans] have the kind of society that

would like to live in." The CBC's radio service has always been top-notch, and several of its TV productions have won acclaim around the world. But like other public broadcasters torn between public service and commercial reality. The

have spent more time Corpse, as one satirical mag-

The creative juices still flow at the CBC's box-like head office in downtown Toronto. The trouble is the creativity has been largely devoted in recent years to saving money in the face of a never-ending series of gov-ernment cutbacks. By 1997, the CBC's budget allocation will have been sliced by a third in three years. Another 2,000 lay-offs are in the off-

With government funding so uncertain, advertising has become a driving force. Advertising revenues now cover half the English TV network's budget and almost 40 per cent of spending by Société Radio-Canada, the French-language network.

Programming decisions thus hinge as much on advertisers' demands as on the CBC's public service mandate. Sport now takes up a quarter of the English network's prime viewing period - more than drama, variety. arts and science combined. On several evenings in the

past fortnight, the prime-Canadians have long treasured the CBC - it reminds them why they are not

time schedule has consisted almost entirely of the ice

Americans

hockey world cup. But more encouraging signs are in the air. The government this week set aside money to support indigenous oquenons, ins cuc

will be the main beneficiary. Ice hockey will be less in evidence now that Canada has been beaten by the US in the world cup. In coming weeks, the CBC's prime-time offerings will include Giant Mixe. a mini-series about a bitter labour dispute at a gold mine in the Northwest Territories; Elvis Incognito, a one-hour variety show hosted by Elvis Stojko, Canada's champion figure-skater; and Royal Canadian Air Farce, a long-running

send-up of current affairs. Whether shows such as these have much appeal to viewers and advertisers remains to be seen. It is hard to imagine Canadian teenagers flipping from ER (a hospital drama set in Chicago) or Beverly Hills 90210 to Peacekeepers, a forthcoming CBC film billed as "a heartrending, action-packed story of Canada's peacekeeping forces in the former Yugo-Rlavia".

But perhaps that is not the point. What the CBC offers is an alternative for those of us who want one.

Letter from Nigeria

# Monkey business gets serious

### A rare and endangered African species is getting a new lease of life, writes Paul Adams

ext month a helicopter in southcast Nigeria will be flying an unusual mission. Instead of ferrying workers from Calabar to Ashland Oil's offshore rigs, the Bristows helicopter will be packed with rare monkeys making their first visit to a rainforest.

The 40 drill monkeys almost half the total numberof captive drills in the world were raised either as orphans or ranch-bred in Calabar, Their new home is to be a wildlife sanctuary in the Afi Mountain reserve in Cross River state, on the edge of the last big rainforest in west Africa. The trip will be the high

point of five years' work by Peter Jenkins and Lisa Gadsby, whose award-winning Pandrillus project was established to protect these rare animals and introduce them to the sanctuary. The Calabar drill ranch, as it is known locally, offers the only captive breeding programme for an endan-

the rest are in foreign zoos, mostly in Germany, Jenkins and Gadsby first got the idea for the project when an orphaned drill was given to them. It is an impressive monkey, larger than a baboon, and is found only in that corner of west Africa.

gered primate in Africa -

. "These are an endangered species, there are a lot of orphans (caused by hunting of the adults so an in situ captive breeding programme was needed," says Gadsby. Clement Ebin, director of the Cross River National Park, was a co-founder who had been on a course at Jersey Zoo and was keen to start a programme.

When we came to Nigeria eight years ago on a 10-day visa; we were just happy-golucky overlanders. Peter is a builder and contractor, I studied zoology at the University of Oregon," she says in the house in Calabar which serves as the office for the drill ranch and the home. which they share with volitors and, occasionally, will come their way. monkeys.

"The project has grown by leaps and bounds since we started with local donations. We had a Land Rover, which we lived in for two years, and some money from the project. When that ran out we got some sponsorship

> We keep them in captivity but try to bring ecological principles in'

and were able to lease this place. We built the enclosure with cast-offs, railings from a golf course, old piping from a refinery. We plan what we can do by what we They are bopeful that a \$50,000 World Bank loan to

Nigeria's Federal Environ-

unteer workers, keepers, vis- mental Protection Agency According to local hunters -There have been eight cap-

tive births at the ranch, with only one lost. Now 40 ner cent of the world's captive drills live at the ranch - 23 live in one big enclosure, the optimum group number in "We are not zoo-type peo-

ple, we are closer to fieldtype conservationists, but we are really between the two camps - we keep them in captivity but we try to bring ecological principles into keeping the animals," Gadsby says. Pew people associate mod-

em Nigeria with wildlife but it is the third most important country for primates in Africa, with the third highest primate diversity (after Cameroon and Zaire) - 25 species including two endangered ages (gorilla and chimpanzee) and a number of rare monkeys.

The World Conservation Union rates drills as the state. highest conservation priority among African primates. small projects run by com-

the best source of information - the drills are becoming more scarce. They are hunted for "bushmeat" using dogs to trap them before they are shot, and there is a lucrative trade in

Their habitat is also shrinking. The World Bank estimates that 95 per cent of Nigeria's rainforest has been destroyed. Most of the remainder is in Cross River state but population growth is creating pressure for new farm land, while a new timber mill, if approved by the government, could trigger more logging.

Last year Pandrillus won the Whitley Award, an international urize for new efforts in conservation, for its community forestry scheme at Aff. The community has applied to the state government to designate the scheme the first wildlife sanctuary in Cross River

"The way of the future is

tional rights in the forest," says Gadsby. "For conserva-tion to work, the local Buanchor community has to benefit. So we are paying them rent - \$1,000 a year - for the land which will be the sanctuary and we are going to hammer out a written agreement with the chief."

Gadsby also wants to complete a survey of primates started for the Nigerian Conservation Foundation. Drills have the smallest range of any large African primate an area smaller than Switserland. There are now only about 12 shrinking islands of population: more than 70 per cent are in Cameroon and the rest in Cross River state. "We need to know where

the drills are, the overall number, Which groups are most threatened, and which are worth trying to conserve," she says. "This is the burning question for a conservation initiative - what is it feasible to conserve? We have to look at conservation over 50 or 100 years."



Eight chimpanzees, which were also at the drill ranch in Calabar, have already been moved to the new site at Afi, where Jenkins is building a protected enclosure.

The local chief has begun the village's own conservation effort, funded by the Pandrillus project and backed by 20 other commuhunters, for anti-poaching patrols and to educate others in the community about the wildlife.

ing 10 men, mostly former

Gadsby says: "We never expected that the captive breeding programme would have so much educational value. Unfortunately, we'll lose some of that aspect nity chiefs around the Afi but we'll leave the quaranmountain forest. It is recruit- tine group here."

### TRAVEL

# The two faces of modern India

Over the following pages, FT writers visit India. Adam Hopkins opens this special travel report with an attempt to discover the true Delhi, hidden in the old and new cities

saw a murderer arrested in Delhi earlier this year - or at least he was alleged to be. The place was in the tangled lanes off Chandni Chowk, jam-packed market thoroughfare, once the demesne of Mughal nobles with enormous pal-

The alleged murderer was young and thin, physically like the policeman who had him by the collar. But he was desperate and the policeman was smirking. Meanwhile, the mother of the murder victim shouted and raged at the man she said had killed her daughter.

A crowd had gathered and stood muttering but impassive. A cow leaned down towards discarded cabbage leaves beside a puddle. And then our rickshaw was around the corner, leaving the tableau frozen in our minds - mine and my friend Vatsala's. She was taking me on a trip round the Old

"I think the dead girl was a prostitute," Vatsala said. "And the man was a client. Maybe the mother wasn't quite the mother."

And then she added: "Murders in Old Delhi don't even get into the papers. In New Delhi, a murder would run across five columns." You can tell Vatsala is a journal-

As it happened we took our lunch in New Delhi, at the home of her friends and my acquaintances. Ajay and Shivani, both from the financial world. There were several young couples as well with children - and nannies.

"You have no understanding how things are coming on in Delhi now," said Ajay.
"I had the good fortune to learn Japanese when I was working in Tokyo and, naturally, I like to keep it up. We week where there were four

send some of their best people now to be stationed in Delhi. This is your economic liberalisation, this is a sign of the times."

"But not all is so positive," said Shiyani. "Much of what happens is so hit and miss. We wanted infrastructure and what did we get? Rev-lon. Truly, Revlon."

Perhaps, after the recent elections, the terms of the conversations in New Delhi will be a little different - but not much. Nor will much have changed in the

This constant shifting of perspective is one of the pleasures of visiting Delhi it keeps vou alert

lanes off Chandni Chowk. For this is a city with at least two parts, that of the common people and that of the real and incipient nobs. There does not seem to be much in the middle. When you go on a visit, a kind of crazy see-saw develops in

First it tilts towards Old Delhi, with the Red Fort and the mighty Jami Masjid mosque, and so many memories of the Mughals (contemporaries, more or less, of Oliver Cromwell) wrapped up with what is now the low-life part of town. This is the real thing, you cannot help but

Then, hey-ho, and over the way you go to New Delhi, and here is all the memory of the British Raj, with modern India superimposed in its full standing as an Asian superpower. Here are the

"And foreign companies vast Anglo-Indian creations of Lutyens and Baker, palace and secretariat, dome and column, and such spacious white bungalows as still remain - and folks such as Ajay and Shivani.

You have to admit you are more like them than you are like the market-men and women in Chandni Chows or, come to that, the Mughal emperors. So, the see-saw tilts in favour of New Delhi as offering the path to com-

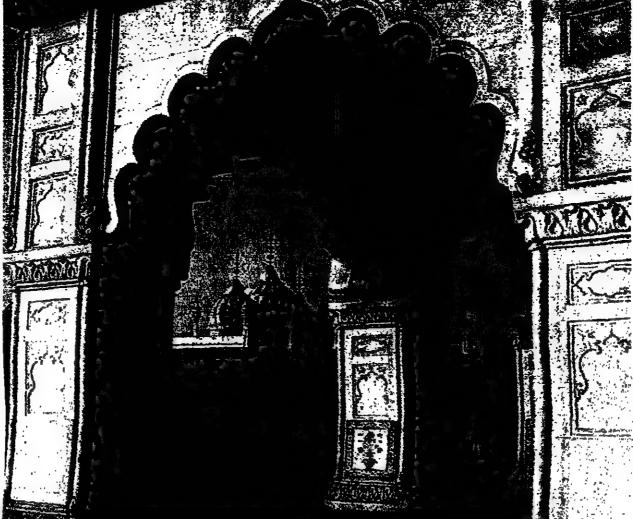
In my experience, this constant shifting of perspective is one of the pleasures of vis-iting Delhi, at least in the sense that it keeps you alert. The same may be said of the

historical confusion. For Delhi began somewhere else entirely, among a host of early versions lying several kilometres to the south. A visit to them means either a place on a coach tour, or hiring a car, a driver and a guide for at least a morning or an afternoon. This is still surprisingly cheap, especially if you

Whoever builds a new city in Delhi will lose it," runs the proverb, and by and large the thought holds good, up to and including the British departure.

attempts to build a lasting power centre are little more than dramatic piles of stone, others elaborate even in ruin. My own favourite among the early monuments is the Qutb Minar, a gorgeously fluted minaret (started in 1199) with an adjoining Moslem precinct made up of the remnants of 27 Hindu temples, in themselves a lesson in the evolution — and beauty — of early Hindu sculpture.

"But the minaret became a favoured suicide spot," said my (official) guide. "Then, in 1982, the lights went out during a visit and over 100 children died in the stampede.



Some of these early in the Red Fort of Old Delhi: magnificent memories wrapped up in the low-life part of the oity

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So, sorry to tell, it is closed to public now."

"Wow." I thought, "there's the real India for you." Somehow, even when you feel safest, it keeps coming at you. In Delhi, as elsewhere in the sub-continent, it makes even the most mundane tourist trip potentially full of surprises, often nice but often nasty too. That's all a part of it.

As for the Mughals, their most beautiful monument is the tomb of Humayun - the emperor who fell down his own library steps while drunk and was gathered in a pink sari with a shawl sooner than expected to the over her head will demon-

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strate the echo, laying back hermaphroditic prostitute, her covered crown and hoot wino presumably symbolises: bosom of Allah. A great red sandstone building laced with white marble patterning and a dome like a bulging away like any old owi anywhere. ing turban, it is wild and harmonious all at once. Persian crossed with Indian in

that instantly recognisable guidebooks and listening to the guides, but not doing much swotting. On this occa-Oxen draw a wide mower over the grass in the sursion I found a marvellous, if rounding garden (divided bawdy, new companion the knockabout Delhi, A into four by water-channels mimicking the Rivers of Par-Novel by the Sikh writer adise) and a notice warns Khushwant Singh. against wild bees (they are said to have gone now). In the inner chamber, a woman

Singh's principal character, the narrator, is a contemporary writer, surprise, surprise, deeply and graphi-cally attached to a "hijda". a

the city. But like something from a Weish fairy tale the On previous visits I have narrator continually changes taken it all pretty much as it shape, becoming a particlcomes, checking out the pant in each phase of Delhi's evolution. It's a painless and pleasurable way of absorbing the history, with all the Moslem chieftains pouring over the

Hindu Kush to dominate this critical strategic point in India's north-west plains, creating courts and kingdoms which not only held the local Hindus down but in the meantime echoed with

reminder that this was a considerably Islamic city right up until partition in

It is true that invention sometimes fails the otherwise admirable Singh. At Humayun's tomb, for instance, he makes his narrator fall down the stairs as a poor excuse for telling the story of Humayun. But by and large the varying persona of the narrator, a true insider, genuine Delhiwallah, offers huge enlighten-

When it comes to the assassination of Mahatma Gandhi, he is actually one of the group of plotters, the story showing how even Gandhi was a complex bless-

ing for the emerging nation.

And the book ends in the most sombre of tones with the assassination of prime minister Indira Gandhi, in 1984, and the murderous per-secution of the Sikhs which followed, up-ending every gain in cohesion the community had made in the previ-

ous 40 years or so. All of which makes the essential point - that Delhi is a city which demands attention, its lively present shaped out of a past of energy and turbulence, horror and delight.

Most visitors give it only a day as they sweep off to Agra and the Taj Mahal and the giories of Rajasthan, But, in my view, as will by now be clear, Delhi will well repay that little bit of extra

respect - and times.

• Adam Hopkins travelled independently. His car, driver and guide were organised by Cox and King in the UK, tel. 0171-878 5000. Cox and King offers a wide variety of Indian travels, including nine-day Indian Experience tours of the Golden Triangle, visiting Delhi (alas, only one day), Agra and Jaipur from

Singh's Delhi, A Novel (Penguin) is out of print in the UK but there were plenty of capies in the Imperial Hotel, in Janpath, New Delhi. This building has the most agreeable bookshop in town. William Dalrymple's enjoyable City of Differes: A Year in poetry - an instructive pucked with information.

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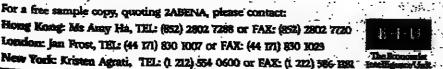
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On 19th October the Weekend FT will be celebrating the diverse and beautiful continent of Africa in its forthcoming Safari feature.

From the thrill of the big game safari to the luxury of classical tented holidays, the splendour of Victoria Falls to the true wilderness of Namibla and Zambia, this Financial Times, feature will allow our readers to discover the adventure and magic that is Safari. For further information on the Safari feature or to reserve your Space please contact:

Denise Reed Tel: 0171 873 3218 e-mail: denise.reed@ft.com

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**Dominique Moseley** 

Weekend FT

# Kerala Pummelled into submission

Arnie Wilson ventures beyond the golden triangle

chanting and wailing woodwind floated up evocatively from a nearby Shiva temple, breaking through the roar of the Arabian Sea pounding the beach at Somatheeram on the Malabar coast, Franklin Odathakkal Anthony, my Indian masseur, took one look at my rather broad - but not entirely unflabby - physique, and said: "You are perfect boy."

He had wondered if I was in the habit of building up my frame with visits to health clubs in the UK. I disillusioned him. But as an overweight 51-year-old, I the juxtaposition of "perfect" and "boy" strangely comfort-

Franklin is one of the masseurs at a growing number of Ayurvedic - or Science Of Life - centres, an ancient concept designed to strengthen the immune sys-tem, prevent disease and ease tension, arthritis and skin problems through massage and "rejuvenation" therapies. The techniques, said to date back more than 2,000 years, are in the process of being revived in Kerala, on the south-western tip of India. It was a face of India I had not encountered

There is only one Taj Mahal, but many, many Indias. Kerala, a lush green, coastal state, is 1,400 miles from Agra, the home of Emperor Shah Jahan's masterpiece. And that, in its quest to boost its tourism profile, is Kerala's problem.

It has sunshine, beaches. backwater-cruises. Ayurvedic massage and rejuvenation centres, some good hotels and houseboats, and disarmingly friendly locals. However, because first-time visitors to India almost inevitably head for Agra and the other "golden triangle" destinations around Delhi and Jaipur in the north, Kerala and its larger neighbouring round in a huge arc, in their

the sound of look-in. This may all be about to change, however.

Kerala is optimistic about being put on the tourist map, with the arrival of the first regular charter flights into its picturesque old capital, Trivandrum. Tourists will find a narrow, verdant land - only 60 miles across at its widest - hemmed in by the pounding surf of the Arabian Sea and Indian Ocean on one side, and the peaks of the Western Gats range running along much of the border with Tamil Nadur on the

other. The state's tourist department likes to encourage the notion that the countryside, with almost wall-to-wall

The local countryside has almost wall-to-wall coconut palms

coconut palms spreading almost into the ocean, and dotted with banana trees, is reminiscent of the Caribbean, but considerably

At Coconut Lagoon, something of a "reverse oasis" among the canals and backwaters near Kumarakom, there was even a 70ft coconut palm in the central enclosed courtyard of each of the holiday cottages.

Although the courtyards also house the lavatory and shower, they are almost completely open to the night sky. In the event of a sudden burst of heavy rain, this gives one the unusual opportunity to step away from the mild jet of the shower into a

full-blooded monsoon. I watched young fishermen on the vast sandy foreshore struggling like members of a tug-of-war team to drag enormous nets out to sea, before bringing them state of Tamil Nadur are daily trawl for the small unlikely to get much of a pomfret which provides the basic livelihood along this

stretch of coast. Not all the fishing in this part of India is as straightforward, however. At nearby Vizhinjam, a colourful but claustrophobic fishing village, there is intense rivalry between Christian and Moslem fishermen. The Moslems, who operate from one end of the bay overlooked by a spectacular mosqua, flercely resent the Christians' decision to motorise the craft they moor in the waters below the large church which dominates

their end of the bay. This gives the Christians considerable advantage over their rivals in the size of their catch. Just weeks before our visit, rioting had broken out between the two

groups. By contrast, nothing could have been more tranquil than punting along the extensive backwaters in one of the rice-barges converted into houseboats. There is one snug bedroom for honeymoon couples and a table big enough for eight to enjoy a leisurely lunch. Neelakandan, our personal punter, kept us drifting slowly downstream with graceful but firm handling of a 10ft

long bamboo pole. There is an estimated 1.500km of backwater - a mixture of canals, inlets and lakes - inland along this stretch of coast. Had we wished, we could have travelled the whole way from Quilon to Cochin by boat via Alleppey, the so-called

"Venice of the east". Cochin, a naval base and one of India's most important ports, has the first European church in India: St Frances, which was built soon after the arrival of

Vasco da Gama in 1503. Cochin also has a 16th century synagogue close to the unimaginatively named Jewtown, full of antique shops and an A.M. Cohen who offers accountancy services.

■ Arnie Wilson travelled to Kerala with the Cape Travel Company. Tel: 0181-943 4067.

TRAVEL

# The rhinos of Kaziranga Powerful forces gather after dark

Nick Haslam goes on patrol with a unit fighting against poachers

am. At 4.30am there was a knock at the door. "Bed tea sir," said a voice beyond the mosquito net. "The elephants leave in one hour."

Outside, cockerels were crowing and the air was cool and fragrant. I joined a small group of Indian tourists and we set off by car through flat paddy fields to the gateway of Kaziranga National Park There, we were to spend the hours of sunrise looking for the rhinoceros unicornis, the greater one-horned rhino.

The elephants were waiting for us, and we climbed on to the cushioned howdah from a raised platform 12ft above the ground. The mahout, perched on the elephant's shoulders, prodded the animal with a metal goad, and then, with an easy, slow motion, it set

To the west, we could see the first rays of the sun touching the peaks of the Himalayas in Arunachal Pradesh, and before us, mist rose from marshy grassland, the perfect terrain for rhino. Within minutes, we made our first sighting. In a waterhole 200 metres away, a rhino lolled half-immersed in water. It slowly raised its head, glanced in our direction and then looked away.

The mahout, nudging the elephant behind one ear, swung it round and we

ambled over. From our high vantage point, we looked down, and the rhino stared impassively back, its small, black eyes betraying a prehistoric indifference to this early morning intrusion. On its armoured back, a white cattle egret patrolled, forag-

Suddenly, with surprising ease, the rhino rose and then trotted lightly away through the elephant grass, the fluid motion belying the fact that it weighed more than half a ton. We followed, and almost immediately came . upon another rhino browsing in the thickets of coarse grass. A solitary animal, the rhino usually does not charge an elephant, but our own mount instinctively kept a spectable distance between itself and the horned shout.

Kaziranga is one of the world's great rhino success stories. In 1908, when the reserve was created, indiscriminate hunting and destruction of habitat had reduced the population of rhino in Assem to only 25 individual animals. There are now more than 1,300 onehorned rhinos of the entire global population in the 168 square miles (430 sq km) of

There is an ever present threat to Kaziranga, however. Rhino horn powder, prized by the Chinese and Taiwanese as a medicine for reducing fevers, can fetch up to \$40,000 a kilo in the markets of east Asia.



was like a war."

Assam, like all the northeastern states of India, is poor and underdeveloped. Security forces are already overstretched in dealing with tribal independence movements, and poachers are a constant menace to the survival of the rhinos. Late in the afternoon, I joined Mr Dey, the assistant conservator of forests for Kaziranga,

as he went to visit camps set

up by his department throughout the park to

counter posching activities. At dusk, we drove through the gates of the park, where an armed guard was waiting: not only might we stumble across a rhino in the gloom, but it was the night of the full moon, a favourite time for poschers to strike. As we jolted along a narrow track, Dey said that in 1992 there had been 49 rhines peached.

There are more than 300 guards posted throughout the Kaziranga National Park, but poachers, who travel in small groups, have the advantage of surprise Armed with carbines and automatic weapons, they

enter the park in the twilight hours of dawn or dusk, shoot the first rhino they find, hack off the horn and rip out the nails of the animal before making their getaway. One horn, which weighs about 700 grammes. can net each poacher RS10,000 (£180), a small foraverage monthly wage is RS1.500.

The horn is then annealed out through Calcutta or across the border into Bhutan, steadily increasing in value as it is sold on from "It was our worst yeer. It trader to trader. In half an

hour, we came to our first camp in a clearing. The guards had just finished eating and were preparing to go out on patrol. They saluted Dey and reported that there had been no movement in the area that night.

arefoot, in ragged uniforms, carrying flashlights and old bolt-action rifles, they looked ill-equipped to deal with well-armed and determined poachers. Dey said that, despite all the odds, they are a formidable fighting force. Leaving the truck at the

camp, we walked with the guards through the forest, stopping occasionally to listen for any signs of activity. Fireflies danced in the dark, and from the nearby river the sound of frogs filled the night. Suddenly one of the

stiffened motioned us to be still. He indicated to his left and flashed his light. There, about 15 metres away, we www.the comistakable round rump of a large rhino browsing in the undergrowth. Quietly, we turned back and walked away.

The Forest Department maintains contacts with local villagers who sometimes tip off the guards that a posching raid is imminent. But, too often, the first indication that poschers were in the park was the sound of a gunshot. "By then it is too late to save the rhino," Dey said. "But if we are lucky, we can catch the poachers before they get out of the park. If they resist, we shoot

Last year, 14 poachers were killed in the park, but 21 rhinos had been poached.

walked back to the camp, a stressful job. Dey agreed. "The guards may see their families only once a year. he said. "They live out here for 11 months of the year but with our limited means, it is the only way to police the park.

Funds were so short that the Forest Department was unable to set up an adequate radio communications network linking all the camps a vital step in improving the security of the park. By now it was 10pm and clouds had crept across the moon. We boarded the truck and came to the entrance of the park where we dropped off the armed guard. As he saluted and disap-

peared into the night, Dey said: "Everything depends on those chaps. Despite the terrible conditions, they are

rhino. If we can keep morale high, then I am optimistic for the future. But if not . . he shrugged, "then the poschers will come back with a vengeance. And if that happens, the entire population will be at risk."

Nick Hasiam travelled to

Assam as a guest of the Gov-ernment of India Tourist Office, 7 Cork Street, London W1X 1PB; tel: 0171-437 3677/8

Return flights to Delhi with Air India from Heathrow start at £458. A round trip from Delhi to Gusoahati in Assam with Indian Airlines costs £150. Kaziranga is about six hours by road from Guwahati. Places to stay near Kaziranga: Aranyo Lodge; tel: (03776) 5429; Wild Grass Tourist Resort; tel (03776) 5487). The park opens

# Forget the bicycles

Across the Indian border, Stewart Dalby gets a surprise in the woods

of the Teral.

Having said it is easy to

get there from Kathmandu,

it still involves a five-hour

f you go down to the Nepalese woods at night, on foot, you could get a big surprise. The one-horned Indian rhinoceros has very good hearing and a strong sense of smell, but poor eyesight. It can charge at anything that moves with which it is unfa-

The Lonely Pianes guide to Nepal says rhinos are particularly enraged by bicycles, and cycles are, in fact, banned from the national parks in the border area.

Generally, I sympathise with the sentiment. When in my own natural habitat the London traffic jam - I am often tempted to charge at people on bicycles. But to have 2% tons of rhino with sharp teeth coming at me, at speeds up to 40mph, is not what I had in mind for my first trip to the Himalayan kingdom of Nepal.

Although people on foot have been known to be attacked by rhinos, it is rare. Khem Raj, general manager of the wildlife camp where we stayed, said: "Some caution is necessary, when on foot, but it is most unlikely you will be attacked."

It is, anyway, safer and a lot more fun to view game from the top of an elephant.

Nepal is usually associated life Camp at the western end with majestic snow-clad mountains and climbing and trekking expeditions. But there is a strip of sub-tropical, flat land between India and the mountains. It is known as the Terai and runs virtually the entire length of the Indian border, about

malaria)

In 1954, an aid programme

the Terai.

Until the 1960s, the Teral was sparsely populated, heavily forested and teemed with wildlife. This was because the jungle was

reduced the incidence of malaria and people from the hills started to settle. There followed intensive cultivation, deforestation and the disappearance of the game. through hunting and poaching. Partly to preserve the dwindling wildlife, the government in 1973 declared a number of national parks in

The Royal Chitwan National Park, studded with game lodges and wildlife camps, is the most popular because of its relative proximity to Kathmandu. The best-known camp is Tiger Tops, which is patronised by Hollywood film stars and younger British royals. We stayed at the Machan Wild-

drive which takes in a steep climb out of the Kathmandu Valley to 7,000ft; a hair-raising, corkscrew-drive down mountains wrinkled with terraces, every square inch growing something; a twisty drive along the valley of the rushing, white-capped Tre-It is safer

and a lot more fun to view game from an elephant

suli river; and finally a bucketing ride on an open truck across the bleached boulders of the dried-out Rapti river (in the monsoon, May to October, you have to cross by elephant).

There are eight elephants at Machan. On our dawn safari we came within a few yards of a group of rhinos. They are used to the smell of elephants, which drowns out the human scent. We saw umerous barking deer, lots of brown rhesus macaque monkeys, a crested serpent sagle and a leopard.

Holly Winton, a 19-year-old from Swindon in England who is working in the camp for a year before going to the University of Cardiff to study zoology, said we were lucky to see a leopard. Like tigers, they are solitary creatures which usually hunt at night. She said that wild elephants, which were thought to have died out in the Chitwan, now number about 100. There are about 90

tigers and around 450 rhinos. The next morning we went bird watching with Ladhen Singe, a naturalist at the camp. There are 400 species of birds in the Chitwen. We quickly saw an ashy drongo, spotted dove, a blossom eaked parakeet, a blackheaded creole and a scarlet

May in the Terai gets very not, but there is a swimming pool at the camp to cool off.

After two days and a night in my chalet with a kerosene lamp as a light, my fears and apprehension about life in London eased somewhat.

From the Chitwan we drove to Pokhara by way of Mugling, a non-descript, tinroofed town on the main route from India to Kathmandu, which, for the traveller includes, the Hotel du Mugling. With its jacaranda, frangipani and scented hibiscus outside and its whirring fans inside, it is straight from the pages of Kipling. We enjoyed a splendid planters style lunch there.

Pokhara is described as the trekking capital of Nepal. It is at the other end of the country from Mount Everest but its attractions are its proximity to the Annapurna range and its beautiful lakeside setting. We stayed at the Fish Tail Hotel, reached by floating pontoon pulled across the Phewa Tal lake.

You can get up at dawn, row out into the lake, in the clear air and the silence before the angry traffic hooters start up, and the view of the Annapurous is breath-

Trekking can involve anything from a three-week expedition, to three or fourday trips and one-day excursions. With time short we did a so-called stretcher", up Sarangkot just outside Pokhara. It is only 1,592 metres but, even so, it

From Pokhara it was back to Kathmandu, on a 35-minute flight Kathmandu is a colourful jumble of shops. bazaars, temples and palaces. It is, in fact, three towns - Kathmandn, Patan and Bhaktapur. Each has a Durbar square, which means literally palace, of which the most interesting is in Bhak-

It is the most medieval town; and is largely pedestrianised. There is an almost infinite variety of temples to see and good value-formoney shopping, including jewellery, wood carvings and splendid carpets.

Stepart Dalby travelled w Nepal with Bales on their Nepal Highlights tour, 10 days at £1,095. Tel: 01806-884397.



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join the holidays in Delhi.

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### TRAVEL

# Fast forward back to the future

Nick Haslam discovers how a former haven of the expatriates of the Raj has changed

s w u n g around the hairpin and hore down upon "Slow Drive, Long Live" emblazoned on its high, timper cab before our driver, intent over the wheel of the Ambassador car, swerved violently into the ditch. The truck hurtled past with a clash of gears, leaving a plume of black exhaust in its wake. "Lorry drivers," he said thoughtfully, easing the car back on to the road, "are ferocious."

It was the first of many narrow escapes on the long climb up from the plains of Assam to the high plateau of Meghalaya and the old Brit-ish hill station of Shillong.

At first the narrow road was lined with paddy fields, but then the overhanging bamboo thickets gave way to conifers and oaks. At Nongpoh, the halfway point, we stopped for tee and my co-passenger, Mr Rosario, an Anglo-Indian from Kerala, pointed out the Khasi tribesmen and women loading produce on to buses.

They were a handsome, tough-looking people with high cheekboned faces. "I am married to a Khsai girl," he said, "I came to visit Shil-

long and I never left." The Khasis, Meghalaya's dominant tribe, are matrilineal - the family name and renowned for their beauty. As we sipped tea, Rosario

ith a blast fine their legs are," he said, buildings dominate the centre truck noted characteristic of hill Not far from the Pine-

1,500 metres. The cool, pine distant views rang many bells for the homesick Brit-ish expatriates of the Raj who came up each year to escape the suffocating summer heat of the plains. They built churches, created parks and set up

> Easy chairs stood on the lawn, and men dressed in blazers and cravats chatted to the women

schools which are still among the best in India. I checked in at the Pinewood Hotel, a rambling building with deep eaves and wide verandahs built in 1917 for tea planters and their families. The porter took my base, showed me to my room and then inquired if I would like a fire. He returned within minutes, bearing a

besket containing kindling. It was Sunday next day, property pass from mother and in the clear, chill light of to daughter. The women are morning I went to see Shilstrong characters, and are long. It is no longer the sleepy hill station of the Raj. The narrow streets are motioned to a passing group crowded with taxis and cars, of Khasi girls. "Notice how and new, ugly concrete crowded with taxis and cars,

wood, however, I heard Shillong, the capital of hymn singing and, looking Assam, sprawls over hills at up, saw the red corrugated roof and steeple of the Shilwoods, rhododendron and long Anglican church. I slipped through the door and joined the congregation, most of whom were Khasis, singing "Onward Christian Soldiers".

As we filed out into the sunlight at the end of the service, I shook hands with the Rev Lyndoh, also a Khasi, and complimented him on the size of the con-gregation. "We have a good turn-out," he said. "But if you want to know about Shillong, you should talk to some of the older residents." He gave me a phone number which I called from the hotel. "We're having a bit of a do," said a slightly accented voice, "and you are most welcome.'

In Upper Shillong, easy chairs stood on the lawn in front of a large bungalow, and men dressed in blazers and cravats chatted to the women folk. My host, Peter Furst, was an Austrian who had fought in the British Army during the second world war, before becoming a tea planter in upper Assam. Now in his 70s, he had come to Shillong with his wife Maureen to retire.

With friends, mostly retired officers from the Indian army, Furst had set up a school for the children of Tibetan rafugees in Shillong and the party was to welcome representatives of the Dalai Lama, who were on a tour of inspection. My host had first come to



asked him how it had changed. "In those days," he "the plateau was covered in oaks and rhododendron. But the population of Shillong has tripled since then, and the forests have all gone. It isn't the place it used to be."

I asked him if he would ever return to Europe. "We went for a visit four years ago," he said. "It had changed so much I barely recognised the place.

"And anyway," he pointed to the distant snow-capped peaks of the eastern Himalayas, "it would be terribly difficult to leave all this."

At dawn the next day. I left Shillong on a road which wound through canyons and then climbed up on to windswept moorland. We were

Shillong in the 1940s, and i bound for Cherrapunies, one asked him how it had of the wettest places in the changed. "In those days," he world. Situated on the easternmost rim of the Meghalaya plateau, the town catches the full force of the monsoon as it funnels up from the plains of Bangla desh. The record year, which is still spoken of in awe, was 1876, when 41 inches of rain

fell in 24 hours. The town is a collection of low-roofed bungalows gathered on a rocky promontory of steep cliffs. In the market place, Khasi tribeswomen, with lips crimson from betel nut, sit selling oranges and honey gathered from groves in the valleys below.

On Furst's recommends tion. I went to the Remakrishna school and introduced myself to Mr Das, the viceprincipal. Wearing a thick worsted suit, with muffler, and carrying an umbrella, he came down to the quadrangle and told me proudly that his school provided educa-tion for Khasi children from outlying villages.
"They come from all over

Meghalaya," he said, pointing with his umbrella down into the valley where, far below, I caught the twinkle of steel roofs in the sunshine. "It takes three hours to walk up from there." he said. "So many children come to us as boarders. But they work hard, and many go on to university."

"And the rain," I said. "Doesn't it get you down?" "Oh, you get used to it," he replied. "Why, it poured this year for 1% months," and he paused, "continuously!"

. Following his directions, I walked a half mile out of town to a vantage point, but clouds suddenly swept over the escarpment from the valgovernment of India Tourist ley, obscuring the view. I strode on through a chili Office, 7 Cork Street, Landon

was selling bottled honey. I drank some tea, and was bargaining for a bottle when abruptly the mist swept saids. There, before us, the edge of the Meghalaya pla-teau dropped sheer to the plains of Bangladeth, which stretched like a distant een sea to the horizon. A half mile away, on the other side of the valley, a waterfall shot out from a cliff face to cascade 400 metres to the forest far below.

My jaw dropped, and the

Khasi girl, seeing her

mist, until I came to a stall,

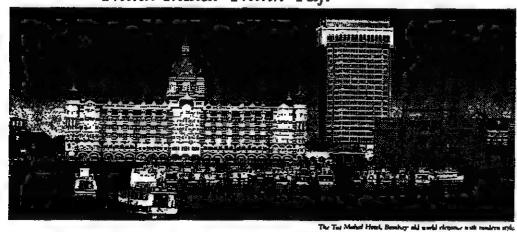
where a young Khasi girl

moment, gently eased the 50 rupes note from my hand and clinched the deal. ■ Nick Haslam travelled to Meghalaya as a guest of the

W1X 1PB, tel: 0171-487 3677|8. Return flights to Delhi with Air India from Heathrow start at 2456. A round trip from Delhi to Guwahati in Assam with Indian Airlines costs £150. The journey by taxi from Guwahati Airport to Skillong takes about four

Places to stay in Shillong: The Pinewood Ashok, tel: Shillong (0364) 28116 or 28765; The Alpine Continental, tel: (0364) 220991-5. Since May 1995, no special permit is required to enter Assam or tourist visa is sufficient.

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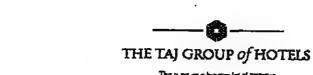
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Overland India

# In search of Kim

JDF Jones goes on the trail of a classic tale of India

have been asked by friends planning a . first visit to India to recommend a reading list. I have simply said, "Read Kim." To which the usual response has been incredulity. "What? That children's book?" And I have replied, "Read it on the flight and you will see what I

Peter Hopkirk would agree. He has published five splendid books about the imperial dramas of south and central Asia a century ago, of which The Great Game is the best. He has just produced Quest for Kim\*, a deliberately and delightfully "minor" book about Kipling's great novel, which Hopkirk confesses was his first inspiration.

Is there anything in international geopolitics more romantic and seductive than the story of the Great Game as it was played on the "roof of the world", on India's northern frontiers, as the Tsarist Russians attempted to infiltrate the British Rai and get through to the

The contestants may have changed after the British went home but a version of the Great Game is still being played today. I can recall nights spent in residencies in Sikkim and other Himalayan border areas, drinking whisky with Sikh diplomats whose Tibetan-featured assistants did not deny that they slipped across the bor-

der from time to time. Hopkirk, in - as I say - a very slight book, modestly suggests that his journey in the footsteps of Kim has no pretensions to being a real travel book. "Its aim is to explore the world of Kim and the Lama, Colonel Creighton and Lurgan Sahib, Mahbub Ali and Hurree Chunder Mookerlee ... My aim, born of strong missionary zeal, is to persuade people to rediscover Kipling's

Indian masterpiece."

Hopkirk is writing for readers who know, or once knew, the book. He attempts to maintain a summary of the action but the effort is hard to imagine that anyone will read it who does not rel-



ish his Kipling. What we want is to hear what Hopkirk has discovered.

He starts, inevitably, with the Zam-Zammah gun in Lahore, where the boy Kim is first spotted - and he relocates it. Similarly, he re-positions the old "Wonder House", the museum of which Kipling's father was curator and who, in his fictional capacity, made welcome the old Lama.

From Lahore, Hopkirk attempts, with occasional failures, to follow the journeyings of Kim and the Lama. For instance, he fails to take a train to Ambala, and finds that the old tongs road to Simis, the route taken by British administrators from the plains to the hills for more than 70 years, has apparently vanished. With Kipling's principal

characters. Hopkirk has better luck. Mahbub Ali appears to have been modelled on an actual Afghan horse-dealer bearing that name, who was known personally to Kipling when he was working as a young frontier journalist on the Civil and Military Gazette". Colonel Creighton, the boy's spy chief, is identified as. Colonel Thomas Montgomerie of the Survey of India, who trained his "pundit" surveyors to walk at a uniform pace which could be logged into a record of hitherto unmapped border areas. Creighton/Montgomerie's high-level visitor, spied on by Kim, must have been Lord Roberts.

Lurgan Sahib, the Simla gem dealer who teaches the boy pelmanism and other skills, was based on a reallife Simla character called A.M. Jacob. The fat Bengali babu was inspired, says Hopkirk, by Babu Sarat Chandra Das, who lived in Darjeeling and was an expert authority on Tibet. Novelists always insist

they do not rely on the real world for their characters and that something called imagination has a more important role. Let us just agree that Kipling's Mahbub All must have been more sympathetic than his model, that Creighton was more effective than Montgomerie, that Mookerjee was even more fascinating than the Babu in Darjeeling, and that the boy Kim is utterly finer than the barefoot child of a renegade soldier called Tim Doolan of whom Kipling may have heard.

As for the places, which Hopkirk has attempted to track down on our behalf, Kim's school - financed by the Lama - of St Xavier in Lucknow was in reality La Martinière. (We are reminded that in Lucknow, uniquely, the Union Jack was flown both day and night since the 1857 mutiny.) In Mussoorie, 7,000ft up in the Himalayan foothills, where Kim and the Lama slept in the open, Hopkirk stayed at the Savoy Hotel, where, he declares, he would bappily spend the rest of his

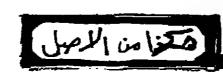
As for Shamlegh - where the young Kim met the Woman, in the master's most erotic and understated episode - Hopkirk has to admit that it does not exist.
And the "River of the Arrow", where the Lama eventually found enlightenment at the end of his Search? It turns out to be an irrigation channel like a million others.

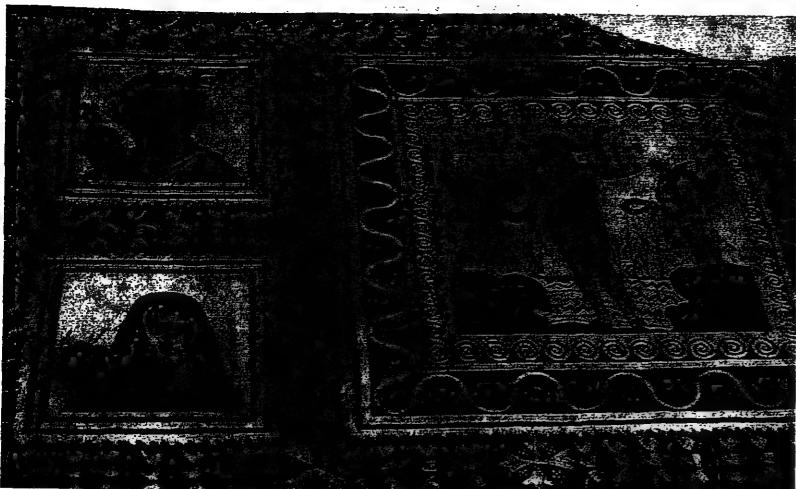
Does any of this make nse to people who do not know the book? I suspect not. For the experts, Hopkirk offers a couple of thoughts. He wants to change the usually assumed date of Kim's adventure by 10 years, to 1888, after the second Afghan war. In this context, he finds official reports of the arrival of three Russian explorers in the northern kingdom of Chitral, and he explains why the Babu knew that one of

the intruders was French. Quest for Kim is certainly not LitCrit, and its author denies that it is a travel book. So why is it worth reading? First, because it is a sensible and enthusiastic view of Kim: we are encouraged to laugh at those fatuous critics, often American academics, who have made such a meal of a classic adventure story and who see Kim's meeting with the Lama as symbolic of a colonialist annexing a new territory. Second, it takes us back into the Indian context

of this wonderful classic. And third, it demands that we read the book, perhaps for the first time since childhood.

\* Quest for Kim by Peter Hopkirk, John Murray. £15.99.





# Pictures from the past

Derek Wilson goes in search of mosaics in Tunisia, a rich Roman legacy

sia in the 2nd and 3rd canturies loved to decorate their sumptuous villas with

The rich heritage left by these hedonists is still coming to light, but much is displayed in museums throughout the country. Stunning for their artistry and durability, the mosaics conjure up a life of huxury and splendour in Roman Africa at the height of the Empire.

For convenience, and also to get a sense of perspective, the starting point of the mosaic trail has to be the Bardo Museum outside Tunis, home to the biggest collection of Roman mosaics in the world. Most of them ner guests of the Roman bourgeoisie and so they principally adorned the floor of the spacious triclinium (the taxis or taxis de louage, dining room with reclining

The themes of the mosaics. portrayed in vivid colours, range from mythology to fights in amphitheatres and scenes of everyday life. The Bardo's most famed pieces include Virgil seated between two muses and Ulysses lashed to the mast

being rowed past the Sirens. The museum also possesses finds from the earliest net for tourist buses on the digs and, according to Tunisia's Heritage Board, is just ochre mass which surges up

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modern travellers.

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amount of material un- like a mirage. earthed since in the old "granary of Rome". The board' says the later finds gain much from being seen in situ, mainly close to the east coast. (In the manner of their Phoenician forerunners, the Romans settled and urbanised Tunisla from the

shore inland.) So much is left behind because after the Empire's collapse, Tunisia's Roman cities were, like Ostia Antica near Rome, simply abandoned. And nobody has built on top of them.

Getting around post-Bardo Tunisia is easy, fast and chesp. Clean, air-conditioned trains head south and west from Tunis on the country's two main lines and provide the basic transport. They nation direct or drop you in the general area. The rest of the way is done by collective which operate between towns. To be found in the main squares, they speed off once their capacity load of five is made up, usually

ouickly. The most dazzling trove of mosaics after the Bardo is at El Jem, three hours from Tunis. Once the flourishing Roman town of Thysdrus, it is now reduced to shanty-status. Nevertheless it is a magstrength of its colosseum, an

althy an appetiser for the immense in the middle of a vast plain

A 3rd century ellipse, it is the Roman world's third biggest amphitheatre after those of Rome and Verona and seats 30,000. It symbolised the ostentation of a place where the rich sought to outdo each other in their displays of opulence. Their mosaics reflect this, and can be seen in a nearby museum due to be tripled in size, but

which nobody visits.
The marvel of these mosaics lies in the delicacy of their execution and witty

They are typified by staring faces in 'cameos'. set within backgrounds of intricate geometry

originality. They are typified by staring faces in "cameos", set within backgrounds of intricate geometry or leafiness teeming with life and odd little scenes. In one, a whipped camel is led by a dwarf. The best known is a huge presentation of the

The most popular theme, however, was the celebration of the Four Seasons, a not surprising choice for patrons aware that their money derived from the production of olive oil exported to Italy depended on the goodness of the land and the favour of

the gods. Seventy minutes farther down the same train line is the port city of Sfax, or Taparura for the Romans. The town hall houses a handsome array of 2nd and 3rd century mosaics that are as bright as enamel, especially the marine scenes. They are mainly from nearby Roman Thaense.

Sfax is an industrial town without a beach, so tourist groups usually head for the sands of Monastir further north. Sited on a spectacular headland, this newly modernised town is the start of a 28km tour along the Monastir-Madhia coastal line to the village of Lamta. For the Romans, it was Lepthnus or Leptis, where Hannibal landed on his hurrled return from Italy during the second Punic War. The site is only now being excavated and there is a fascinating new museum on the edge of the

The museum's curator claims he has one of the most beautiful mosaics of Tunisia, discovered two years ago by a local hairdresser while renovating his home. Called "Les Amours". it is a 2nd century triclinium picture of a buxom Venus on an islet making her toilet with the aid of two cupids: The green in the composition, a dominant colour of north African mosaics, is

Other works there include a mosaic text-book on fishing methods and a light- Tabarka, close to the Algehearted "Four Seasons", rian border. It is good for which depicts winter as an old woman muffled in headgear. In contrast, the palaco . through luxuriant bill coun-Christian mosaics also on try, takes three hours. view at Lamta are crude.

the great extrovert, macho mossics at the busy harbour town of Sousse. This thriving resort with endless ches was in Roman times Hadrumetum, a prosperous place like Kl Jem. The mosaics, packed into a museum on the edge of the medina. mirror the former flamboy-

ance and alone justify a

night in the town.

On a much larger scale are

The most disturbing is vast floor of crammed animals swirling about an amphitheatre in terror as three fighters with raised weapons prepare to wade in among them. In another gory scene, seven fighters identified by name in the mosaic are shown in the are Four have just killed a leopard, and the fight promoter

arrives with a big reward. seating plans and offered dishes for life-size benguets. There is a splendid peacock, and a beautifully fluent picture of a boastful young Dionysus – a Tunisian favourite – riding trium-phantly in a chariot drawn by tigers.

Hedi Slim, head of the National Heritage Institute and Tunisia's senior mosaics scholar, says the most striking cycle of mythological mosaics found anywhere are at the busy, pottery-making town of Nabaul, formerly

Take the train from Sousse to Bir Bou Rekba and then a taxi to Nabeul. The mosaics are from the 4th century and kept in a small museum due for expansion. There are only a few, but they are astonishing. In composition, sophistication, colour, sure ness and perspective, they seem consummate borrowings from the early Italian

The highlight is a complex but flowing scene of a kneeling Priam offering his treasure to Achilles. The mosaics were removed from a single villa in Neapolis which is still being dug out. For a small bribe, the villa can be seen after a 1km walk through deep sands, beyond

so-called "underground mosaics" at Jendouba, close to the remains of Bulla Regia, a former Numidian royal residence and later a Roman colony.

tain ridge, the Romans built the first storey of their huge, sturdy villas underground, to ensure coolness in summer. The mosaics are still where they were composed shrouded in gloom on the lowest floors, under crossvaulted ceilings. Although neglected and prome to seeping water, some remain in good shape, with sharp colours. The most telling is a forceful portrait of a thick-

The road from Jendouba twists up into heavily wooded mountain country that is almost Alpine, with gurgling torrents and firstclass hotels, and peters out in the little sesside town of swimming and dining on fish. The bus back to Tunis,

Tunisia's mosaics are only

to Romans who were local land-owners, shippers, horsebreeders and the like. The artists responsible for the work were indigenous, or Punic, often itinerant teams.

Recently, there was a sensational discovery of mosaics dating to the 5th century BC. Found near Carthage, they pick out the islands of the editerranean. According to Hedi Slim, these findings confound the theories on the origin of mosaics, and could mean that the birthplace of the art was in Tunisia itself.

I The best months to visit

are June, September and October. Few postcards are available so a camera is a neutit. Money restourants seems neither beer nor wine but the exceptions are worth seeking not essential. Most town centres contain first-rate Tunisian hotels such as Les Aiguilles in Tabarka and Imene in Nabeul.

A Walk in Burgundy

# Taking the slog out of 80 miles

Robin Neillands tastes his way over hill and dale

vineyards of the Côtes de Beaune turned out to be more of a walk and less of a wine crawl than I had anticipated. With daily distances averaging between 12 and 17 miles, this is a trip for serious walkers. But my wife, who came along to keep an eye on me - and who is not a serious walker has asked me to add that she coped very well and never complained.

Those who enjoy good vine and can manas than a stroll will also find this holiday enjoyable.

The routine on a wine walk is easily explained. It is based around a series of small hotels, most owned by vignerous. The walker, lightly equipped, travels over the hills and through the vineyards, stopping at a different hotel each night, taking advantage of any degustation opportunity along the way, and enjoying a four-course meal with more local wine every even-

ting.
The heavy baggage is sent on daily by car, and all the walker has to do is manage the daily distance and cope with some delicious food and wine. The combination is not compensatory; in the course of our walk we covered about 80 miles and I

The trip began with a swift six-hour journey from London to Nuits St George on Eurostar and the TGV. This got us to our first stop. the splendid Hôtel Le Manasses at Curtil Vergy, in time for Yves Chaley's evening wine tasting in the

After that, we dined down the road at the Anberge La Rouelle, where the FFr90 menta offered a wide choice of Burgundian dishes. By nine o'clock the next morn ing we were up and dressed and ready for the trail.

Burgundy is a splendid neglected by the British visitor, a green and gold country of vineyards and cornfields, dotted with small trail and press on to another towns and villages, most of pretty town, Meursault.

ur eight-day wine them medieval, many wine walk though the centres.

Pommard, Voinay, Meursault and Beaune are not just wine labels but pretty flower-filled villages, each with at least one good res-taurant and a multitude of tasting centres. These are perfect for some shade and a cool drink after a morning or afternoon walking over the hills and through the vineyards.

The walking is not diffi-cult and the views are superb. From the 1,500ft top of the Trois Croix I could see the blue hills of the Jura

WHAT DO YOU THINK

OF THE MEURS WILT?

massif and even the snow-

tipped peak of Mont Blanc,

far away to the east. But

even the lesser hills give

fine and tempting views

down across the vinevards

and over the multi-coloured,

tiled roofs of the Burgun-

These views invite diver-

sion and we swerved off the

trail at Savigny and spent

an afternoon in the wine

Dien, a magnificent medi-

the Valois dukes who ruled

Burgandy in the 15th cen-

Beaune is worth much

more than half a day, but

we had to get back on the

still put on about 6lbs.

hotel's own wine museum.

The Hôtel du Centre in Meursault offered us fine food, a great choice of local wine and a picnic lunch for the following day. This day was a long one across the Montrachet country and it was late afternoon before we crossed the Canal du Centre and plodded up the hill to the Auberge du Camp Romain at Chassy-le-Camp, where we spent two nights and had a day out of the

The Auberge has two pools and an excellent restaurant. And the Roman camp on the ridge above the hotel was built by Julius Caesar, the well-known Roman, when he was cam-

paigning hereabouts. The following two days took in more history and some more pretty places, like the medieval town of Nolay and the 15th century castle at Rochepot, the one that appears on all the posters and postcards.

At Orches, we stayed in a chambre d'hôte (or b&b) owned by M. Rocault, another vigneron, and had the best meal of our trip at Le Vieux Pressoir in Evelle. And so, next day, down out of the rolling bills of the Côtes de Beaune, to Savignylès-Beaune, where we bought some wine, inspected our tans and took off our

boots for the last time. We had walked well, wined and dined superbly, and not met another English person. Just about perfect, really, and I think we may do it again.

■ Robin Neillands was a quest of Sherpa Expeditions, 131A Heston Road, Hounslow Middx, TW5 ORD. Tel: 0181-577 2717. Sherpa's eight-day Burgundy Hotel and Wine Walk costs from 2685, including return flights or transport town of Beanne, visiting the and half-board accommodaold hospice of the Hôtel tion, with four-course meals eval building and a relic of will require, boots, suntan oil, a hat and a large water bottle. Sherpa gives advice on

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# Saracens' cutting edge

Huw Richards visits a club which has quickly come to terms with the global market

New players. rules. New grounds. New money. The trouble with the changing world of English club rugby is that it starts to sound like a pastiche of a Tony Blair speech. To feel that sense of change there is no need to go to a game. Try ringing Saracens, the north London club which epit-omises many of the game's fresh developments.

Ringing most clubs, even the biggest, until last season was a matter of locating the key volunteer individuals press, fixture or match secre-taries - generally on home Ring Saracens and a dul-

cet recorded voice cuts rapidly into the answering tone: "Welcome to Saracens. If you are looking for match or ticket information, dial one. If you want..." and so on detailing a variety of customer services operating out of a business centre near their new ground in Enfield. The English game's newly monied clubs are not hard to

variety of new playing recruits, with rugby league stars – reversing the trends of a century – the latest shoebox of a ground in fashion item. Some clubs, southgate – atmospheric stars – atmospheric ping into new potential support. A jazz band welcomed least, is Saracens engaging early arrivals. A new club mascot danced around the shoebox of a ground in pitch wielding a curved stars. Bath and Wasps for instance, are determined to hang on to the elite status hard-won over the last decade of the amateur game.

Others, such as Richmond, Bedford and Gosforth, want to regain former standing. Saracens, although consistently good for the last few years, have never quite ranked at the very top except in terms of collective friendliness.

Consistent producers of top-class talent, they have just as frequently seen their discoveries leave for clubs of greater glamour - if not invariably higher playing standards - in pursuit of England recognition.

Little wonder they have decided that it is no longer enough to be liked and taken the opportunity provided by property magnate Nigel Wray's money to pro-fessionalise, off the field and on it, and to become compet-

with a few hundred in the

crowd, downright claustro-

phobic with a couple of thou-Both teams were consistently looking to make and

take chances

sand. Shifting a comple of miles east down the A110, they have moved in to share with Enfield FC - an arche-typal top-level non-league football arena. Neat, tidy, evidently cherished, its 8,000 capacity ensured a real novelty for veteran Sarries followers - ample seating for everyone who wanted one when Gloucester were the visitors last Saturday.

The size of the crowd was

ping into new potential suppitch wielding a curved sword. And the Saracens team arrived with some impressive weaponry of their own in the shape of the sum-

mer's recruits. Long accustomed to taking their pick of the talent from clubs such as Woodford, Bishop's Stortford and St Albans, money has allowed them to widen their net to take in Agen, Dungannon, Limerick and Brisbane.

Only the injury to Michael Lynagh stopped them fielding the all-time record international points scorer along-side the most-capped test player, Philippe Sella of France. And there were six other international imports

on view.

The Sarries phenomenon was emphasised by the opposition. Gloucester have drawn for more than a century on huge depths of local talent and identity. They have struggled in recent years as a national market developed in players, drawing the best to the top few clubs. Now they have to cope with incipient globalisation, and the big money on

offer from London clubs. For 40 minutes, drawing on the cohesion and resilience apparently inborn in Gloucester teams, they coped very well. The band might have summed up Saracens' early efforts with a rendition of "Getting To Know You". But once Ireland prop Paul Wallace had courted suspension from the front row with a solo try, going 25 yards to the corner via a classic side-step, soon after half-time the all-sters

spot. Most sport an exotic litive in the world market for evidence that they are tap were firmly on top and fluently demolished Gloucester. Here was the best early argument for union's new effects of rules changes and the positive attitude of both teams. It is not that defence was neglected. But both teams were consistently looking to make and take

opportunities, to keep the ball in the hand rather than kicking for touch. It was still instructive to hear one spectator, a soccer fan giving rugby a try, say afterwards that it was a bit stop-start. But the bulk of the audience were vocally appreciative of the game's

It is far too early to be sure that the imperative to entertain, vital if the game is to attract the new fans its economics demand, will at last start to prevail against previously endemic percentage-play. Heavy grounds and relegation fears will exert countervailing pressures as

And Saracens have only just begun a battle on several levels. One, begun well, is to move up a level to join the very best. Another, also with early promise, is to attract and retain an audience far larger than the stal-warts of Southgate. But this involves a balancing act. Clear-eyed professionalism

has arrived to stay. But as Clem Thomas, a great player and distin-guished journalist who died earlier this month, pointed out in one of his last articles, fun and fellowship are integral to rugby's appeal.

The challenge for a club which has epitomised these values is to win consistently without sacrificing

Soccer/John Perlman

# Hunger for Leboeuf

fter another week of political wrangling over British cattle. it is perhaps fitting that this weekend's most intriguing Premiership match could turn on the qualities of an imported Ber-

ger on the one hand and a French Lebosuf on the other. At the start of the season. many regarded Liverpool as the club best equipped to challenge Manchester United for the title. But with last season's explosive strike partnership of Robbie Fowler and Stan Collymore (55 goals between them) failing to reignite, and manmarkers tracking Steve McManaman from the moment he left the team bus, Roy Evans's team in attack had been looking more gum than tooth.

In a rare shopping trip abroad Evans had paid Borussia Dortmund £3.25m for the attacking Czech midfielder Patrik Berger, but it was not until halfway through Liverpool's sixth match of the season, against Leicester on Sunday, that he was finally given a run. Berger scored twice - pacey runs, fierce left-footed shots and a 3-0 win took Liverpool to the top of the table.
This afternoon, they put

that lofty position on the line at Anfield against a Chelsea team whose current position two points behind owes much to the imperious form of their French sweeper Franck Leboeuf. In a transfer market where most real business starts at seven fig-ures, the £2.5m Ruud Gullit paid for the 29-year-old Frenchman looks like an inspired bargain buy.

Leboeuf arrived in the Premiership overshadowed at Chelsea by Gullit's Italian signings Gianhuca Vialli and Roberto di Matteo, and with little advance publicity for his ability - a member of France's Euro 96 squad, he never once budged off the bench And yet Leboeuf has, with Middlesbrough's Brazilian midfielder Emerson (another signing initially overshadowed by a more expensive Italian), been probably the most influential of the new foreign imports to the Premiership. In defence, his tackling has been sharp, clean and strong and his positional sense superb. Leboeuf is an exceptional passer of the ball and ever eager to lengthen his stride and quicken the

pace as he surges forward with the ball at his feet. As if that's not enough, Leboeuf -with three goals - is Chel-

sea's leading scorer His main task at Anfield, though, will be to provide Chelsea's defence with a strong central axle on which it can turn and adjust to Liverpool's attacks. Berger, who likes to use his pace and elusive dribbling from deeper positions, will be harder to pick up than most and will test Leboeuf's ability to organise the players

around him. It is an intriguing duel for the neutrals, a critical one for the partisan, but it also highlights a rather important aspect of the ongoing debate about the role of foreign players in the Premier

doubt about that, but you could argue that there are English players who can fulfil the same role with similar ability. Not so the ballplaying adaptable central defender whose skills Leboeuf has been providing

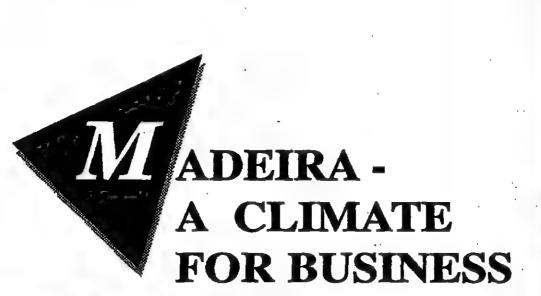
t is a rather important position. As Manchester United prepare for next Wednesday's Champions League match against Rapid Vienna, still smarting from their defeat by Juventus 10 days ago, Alex Ferguson was making a last effort to buy Miguel Angel Nadal, the Spaniard whom he hoped might do for his team what Leboeuf has done for Chelsea.

At least Ferguson has the option of shopping duty-free there are no English candidates who seem to interest him. Glenn Hoddle, who names his England squad on Friday for the October 9 World Cup qualifier against Poland at Wembley, has no such flexibility.

Hoddle wants to build his defence - and in effect his playing system - around an attacking intelligent sweeper like the 28-year-old Frenchman. But at the moment, Leboeuf Anglaise is in short supply.

Two of the leading candidates, United's Gary Pallister and Gareth Southgate of Aston Villa, are up for direct comparison at Villa Park this afternoon. But six days ago Southgate was up against Leboeuf when Villa Went to Stamford Bridge. It would have given Hoddle some idea of how hard he is going to have to look. There was, for all Southgate's strivings, simply no comparison







For further information on - The Industrial Free Trade Zone

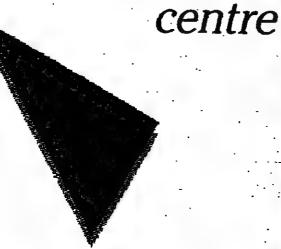
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International

business

automotive

group with four

different marques

knows that it

covers most of

the market from cheap run-

abouts to large luxury cars. The downside is that the

cars may end up taking sales

from one another as much as they do from their rivals.

Volkswagen Group's four marques are Audi, VW, Seat

and Skoda; its two latest

models, the new VW Passat and Skoda Octavia. The Passat is good enough to tempt

Audi A4 buyers to trade

down and save a little money. And the new Skoda

Octavia could similarly seduce potential Passat buy-

ers who are being leaned on by their bank managers. There would be some loss

of perceived social status but

not of very much else because the Passat feels and

goes like an Audi A4 and the

Octavia feels and goes like a Passat. Which is not surpris-

ing: under the sheet metal there are more similarities

than differences. Chassis

platforms, engines, transmis-sions and suspensions are

mixed-and-matched among most VW Group cars. The Octavia's mechanical bits

and pieces are the same as

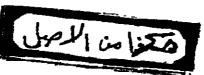
Officially leaked pictures

of Passat and Octavia had

made them look very much

alike. They are less so in the

metal though still clearly



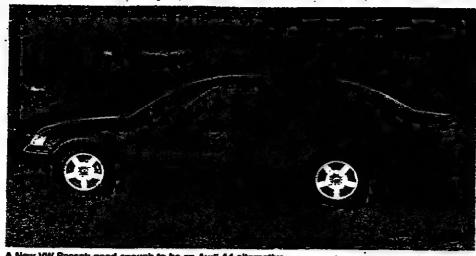
# FINANCIAL TIMES WEEKEND SEPTEMBER 21/SEPTEMBER 22 1996

### MOTORING

On Test

# Rivals under the same roof

Stuart Marshall drives the new Passat and finds the latest Skoda is certainly no joke



A New VW Passat: good enough to be an Audi A4 elte

the Octavia, has some of the Audi A4's roundness, with just a hint of the old VW Beetle's drooping roofline. And the Octavia looks a bit like a Rover from the front, an Opel (Vauxhall) Vectra in profile, but is still clearly of the Passat family,

I drove the Passet in and around Dresden, where bil-

about 20cm (7in) longer than lions of D-Marks are being spent on new buildings and restoring old ones devastated in the second world war. The roads, though, are still much as they were in west Europe 40 years ago. Around the Skoda plant at Mlada Boleslav, where I sampled the Octavia the follow-ing week, main road sur-faces were much better but

there were still enough cobblestone stretches to prove that both cars rode well on the rough.

. Eventually, there will be Passats with five and six cylinder engines, but the range at present is limited to 1.6litre and 1.8-litre petrol four-cylinder units and VW Group's formidably good 1.9litre direct-injection turbo-

diesel. Passat interiors are a touch classier than the Octavia's; both cars have seats that would be nicer if softer. Rear passengers do better for leg and knee-room in the . Passat than the Octavia but the Czech-built car has an impressively large boot.

70km apiece in two models -

engined entry models were both marques. (On foreign quiet and refined at moderpress launches, more time is ate speeds, becoming rather usually spent getting there buzzy due to low overall and back and watching elabgearing at 130kph/81mph. orate presentations than behind the wheel.) And that the 1.9-litre turbo-diesel engined models

(110bhp in the Passat, but only 90bhp in the Octavia)

were better all round. With

massive pulling power at low engine speeds they were

So, until I have lived with both Passat and Octavia for My driving experience of days rather than an hour or both cars is limited to about two, what can I say? That the 1.6-litre, 100bbp petrol

as lively as the petrol engined cars in town, as quick to overtake in the country. Higher gearing made them more relaxed at motorway speeds.
The VW L9TDI is the most

efficient engine in production; both Passat and Octavia will be capable of averaging over 50mpg (5.65 1/ 100km). Passat turbo diesels will be available with auto-

matic transmission.

Four-cylinder petrol and diesel Passats go on sale in Britain at the end of next month. Prices are still secret but Volkswagen GB says they will let it compete head-on with such fleet favourites as the Ford Mondeo and Vauxhall Vectra. Up-market versions with five and six-cylinder engines follow; Passat Estates will be unveiled at Geneva in March and go on sale soon after.

Although sales of the Octavia in left-hand drive markets start this autumn, Britons will have to wait until early neaxt year to take advantage of its best European technology at South Korean and Malaysian

Forget all the old Skoda jokes. (Question - what do you call a Skoda convertible? Answer - a skip.) The new Octavia will be able to look any of its rivals straight in the eye while it undersells them. The price differential could be anything between 15 and 20 per cent.

# Electric car with a buzz

From Scalextric to the real thing. Haig Simonian reports

course, a Scalextric model racer. Bought as a bribe for some now-forgotten exam victory, it provided a minis-turised tasts of the potential of things electric.

I felt a twinge of memory whipping round the curves at the Mortefontaine test ties are what make the car track near Paris this month in the EV1, General Motors's squashed lozenge shape first commercial electric car, soon to go on sale in parts of this sharply raked windscreen California and Arizona.

Bert Preiman

Spectacular Scalextricstyle crashes were fortuwas I did notice an occa-sional wobble in the voice of my passenger, Vincent de Rooil, an engineer from GM's Delphi components subsidiary, as we careered towards a junction at nearly three times the 45kph limit.

Excessive exuberance behind the wheel is a common fault when novices drive the EVI, according to Bill Fink, European technology director of GM's Delco electronics subsidiary, which invented the multiphase propulsion system driving the

"Most people are not used to cars which are so quiet. On top of that, people tend to drive aggressively at first to see whether their preconceptions about electric cars are true."

Most preconceptions are negative. Motorists normally associate electric cars with milk floats and the like. Practical, but dull. So vehemently do GM's staff strive to avoid such comparisons they unwittingly emphasise

The EV1, however, cost about \$360m to develop and is the first purpose-built electric car in decades. Many car makers have built electric vehicles but most are converted from existing models, mainly vans, although in the early 1990s Peugeot produced a batch of

electric 106s. The EV1, however, is a stallion. The main reason is that it has been conceived as of replacing the EV1's expenelectric from the start. Spurred by the threat of new environmental laws in smogridden southern California, which would have forced volume car makers to sell a rising proportion of non-polluting cars, the EV1 represents the latest thinking on electric power.

That means low drag and low weight to stretch its range, yet, like other electric cars, distance is the EVI's

y first electric Achilles' heel Driven gently car was, of in a warm climate, it can manage about 90 miles. Push it, as I did in Paris, or expose it to the harsher climate of Massachusetts, another state planning tough anti-pollu-tion laws, and the power in its batteries drops alarmingly.

Its energy-saving properso striking. The EV1's reduces air friction and from to the deeply rounded rear screen, the car is all curves. Combined with its flat floorsystem to disturb the airflow under its body), such features give it an air-cheeting 0.19 drag coefficient - lower than any car on the road.

The latest model is refined version of the unfortunately named impact, which GM has been testing on selected consumers for some time.

Like most impact drivers, my first impression of the EV1 was favourable. Its quietness and power stand out. Not as quiet, though, as the Peugeot 106: the EV1 I drove had an intrusive whine. But its power, and especially the torque (pulling power) from its 137 brake horse power engine, was its most impressive feature alongside the

he stress on power reflected in a 0-60mph accelera tion time of 8.5 sec onds and an electronically limited top speed of nearly 80mph - was part of the design remit. Although California's introduction of nonpolluting vehicles has been delayed until the next decade, GM says the EV1 is a commercial proposition.

The car will soon be available through the group's trendy Saturn offshoot. GM is minimising the risk of a flop by leasing the EV1 to customers, rather than selling it. That should help overcome the resistance of the estimated \$35,000 price tag and allay fears over the cost sive, but ephemeral, lead-

acid batteries. Overall, the EV1 is sporty. accelerates briskly and has good road-holding. It is slightly marred by spongy handling, with a distinct roll caused by the 522kg of bat-teries and imprecise US-style

Until battery technology progresses, the EV1 may struggle to be much more than a curiosity.



There he is: Fourth row, second from the left. The one with the moustache. Obvious really.

Maybe not. The unsavoury-looking character you're looking at is more likely to be your average neighbourhood slob with a grubby vest and a weekend's stubble on his chin.

And the real refugee could just as easily be the clean-cut fellow on his left.

You see, refugees are just like you and me.

Except for one thing.

Everything they once had has been · left behind. Home, family, possessions, all gone. They have nothing.

And nothing is all they'll ever have unless we all extend a helping hand.

We know you can't give them back the things that others have taken away.



United Nations High Commissioner for Refugees

We're not even asking for money (though every cent certainly helps).

But we are asking that you keep an open mind. And a smile of welcome.

It may not seem much. But to a refugee it can mean everything.

UNHCR is a strictly humanitarian organization funded only by voluntary contributions. Currently it is responsible for more than 19 million refugees around the world.

**UNHCR Public Information** P.O. Box 2500 1211 Geneva 2, Switzerland

### FASHION



# Second-hand roses in demand

Damian Foxe and Libby Sellers on the growing market in clothing auctions, which is starting to compete with modern collections

have become big business. While the market for costume may never yield the prices of fine art, it is nevertheless increasingly lucrative. In 1971, the record for a garment sold at auction was just under £1,200, for a 1740s embroidered wedding dress. Now it is £60,500, for an early 17th century gentleman's silk doublet, sold by Christie's in 1989.

Later this month, the clothing battle lines will be drawn when London Fashion Week, the biannual ready-to-wear collections, coincides in South Kensington, London, with the third annual auction of costume and jewellery by Christie's. Contemporary designers

seem bogged down, obsessed with reviving the past. Yet, all the while, the original is there for the bidding, at a fraction of the cost.

The trade is brisk at present. Private and trade collectors are eager for garments from a century that is about to end, driving the already competitive market for antique clothing. Museums

lothing auctions to expand their collections, have become big while large fashion houses are buying back benchmark pieces to fill gaps in their own archives or to mount retrospective exhibitions.

"There are three types of buyer," says Kerry Taylor, Sotheby's textile expert, "museums who buy to display, dealers who buy to resell and a small group of people who buy to wear. "By far the largest end of

the market consists of pro-fessional dealers. They buy garments, photograph them beautifully, possibly spend a lot of time researching them and preparing dossiers, and then approach a museum to sell the garments on at a huge profit."

Dealers, however, are fac-

ing more competition.

"Buying at auction has become very difficult because of the increased interest from museums. fashion houses and private collectors," says Mark Steinberg of Steinberg & Tolkein, a vintage clothing emporium on King's Road, Chelsea. "However, my customers still include major fashion houses such as Karl Lagerfeld, Christian Dior, Anna





Lacroix and Jean Paul Gaul-

\*Designers buy from me to study the garments and use them as tools for learning, just as Francis Bacon would.

Gallery to study Velazquez." 226,000 in June 1995. More For serious collectors of affordable, yet equally colhaute couture, the top labels include Balenciaga, Schiapalectable, labels include relli and Madeleine Vionnet. Christian Dior, Givenchy, Vionnet may not be a house Yves Saint Laurent, Vivienne Westwood and

> Patricia Frost, an associate director of Christie's who specialises in costume and textiles, says: "The key to buying successfully is to find something that is distinctive and eye-catching. If a dress turned heads in the 1950s, it will still turn heads today." Isabella Blow, stylist and

contributing editor of British Vogue, agrees. "Couture is making a huge comeback. With the approach of the millennium, I think people want to own something that that you can actually wear these clothes and look even more contemporary and modern than in the clothes of today.

interior of the garment is as makes you feel important, as well as individual. When I look for old conture clothes, I am looking for beauty, cut

sold a beaded creation for dress. Many of the more unusual garments have become like fine art paintings or photographs that cepture a period in history." Taylor says: "I think that the novice buyer should look

for the extraordinary in everything." But adds: "The garment should be from the designer's heyday, it should be unaltered and in perfect condition. For instance, if you brought me a 1970s Christian Dior I would not be interested because it is Look, pre-1955."

At the forthcoming Christie's auction, a Christian dress and jacket, circa 1959, is estimated at between £200 will never be created again. and £300, with the cata-The biggest joy of it all is logue's disclaimer that it has and £300, with the catabeen heavily altered. By contrast, a Schiaparelli Robe de Bal "a la Circassienne", circa 1936-38, in pale lilac silk mousseline sprigged with With haute conture, the opalescent sequins, is estimated to go for between 2600 important as the exterior. It and £1,000. An identical gown is reproduced in Le Lèore de la Haute Couture, V&O Editions, Paris, validat-

ing its provenance. In spite of these recommendations, the buy-to-wear Rome and New York to auction market remains rela-styles which originated on tively untapped. For some, the thought of wearing what is essentially second-hand clothing is unacceptable. For others, the prospect of procuring them remains prohib-

itively daunting. Suzy Walls, of Christie's, says: "Although people can try certain garments, there are no changing facilities. We do, however, have an expert on site at the previews. My advice would be never to buy anything because you think it will increase in value, buy it

because you like it."
Taylor adds: "The problem, with haute couture particularly, is that it is made to fit one specific woman. When you are considering tightly boned, fitted, 1950s garments, you can run into problems." Her advice is to size up, as it is always possible to get something taken in or up. But remember, changing a garment, regardless of how subtly, will lower its value and change its intrinsic design qualities. how Alteration is also difficult be.

to do. You may like the 1920s, but few women today have the flat-chested, pencilstraight bodies of that era. Similarly, few women suit the hour-glass shape of Dior's New Look from the 1950s. It is better to be realistic than disappointed. At Christle's, with the

sale of more contemporary past its sell-by date. It would fashions, the buy-to-wear have to be from his New market has begun to develop. "We get a very wide customer base," says Walls, "particularly for our annual Dior black, silk evening street fashion auction, where we clear as many as 250 lots. is now an affordable invest-Our most popular labels are Vivienne Westwood, Mary Quant, Paco Rabanne and Courrèges, with a particular interest in Biba following the re-launch of the label earlier this year."

Much of the street fashion reflects the changing social attitudes and lifestyles over three decades, from 1955 to the late 1980s when high fashion moved away from the exclusive and extravagant designs of couture houses in Paris, London,

styles which originated on

In September last year, a pair of Vivienne Westwood/ Malcolm McClaren tartan bondage trousers (complete with bum flap) sold for £450, and a collection of T-shirts from the late 1970s fetched up to £300 each. Jane Mulvagh, Westwood's biographer, attributes the designer's popularity at auction to type of person bidding for the clothes.
"The buyers," says Mul-vagh, "are predominantly of

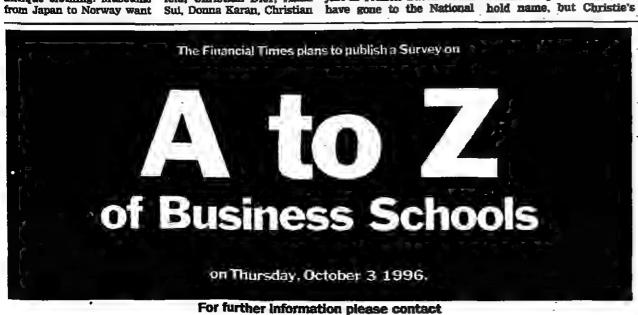
the new rich meritocracy actors, film stars, writers. For them, Westwood's clothes epitomise the era that is still strongly perceived as the greatest youth culture movement to date." Says Taylor: "People want things that typify a period, benchmark pieces. It is not enough to produce beautifully tailored, understated and elegant pieces. The thing that makes the whole business go around is how extraordinary and how extreme fashion can

Fabric technology may have modernised and aided the appropriation of styles from bygone days, but they will never compete with the original. The techniques of modern fashion sacrifice the individuality once associated with fine clothing. The thrill of owning a hand-stitched increased emphasis on the Balenciaga gown or an authenticated wood/McClaren T-shirt gives as much, if not more, satisfaction than any contemporary-reproduction.

Clothes auctions mean that true sartorial originality

Street Fashion, Costume and Textiles at Christie's of South Kensington. Auction: Tuesday at 2pm (tel: 0171-381 3120/3121/3122). Viewing: Monday and Tuesday, 9am to 7.30pm.

Southeby's Sale of Fabric Swatch Books, Fine Costume. Haute Couture, Fashion Designs and Country House Textiles. Auction: Thursday November 7 (tel: 0171-787



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FT Surveys

# Residential Property

# The pleasures of living in the past

Anne Spackman talks to Sir John Harvey-Jones about his houses

would probably elect Sir John Harvey-Jones as its president. Sir John can hold forth on the splendours of oak and Aga with the same passion he exudes for widget-making or the Royal Naval College at Greenwich. Elizabethan architecture is his firm favourite, with Regency coming second. Much of his time and money. has been spent propping one,

or the other, up. It all began in 1958 with a converted water-mill on the North Yorkshire moors above ICI's Teesside base. "Apart from tea rooms and Anne Hathaway's Cottage I bad never seen timber build-ings before," Sir John, a former ICI chairman and busi-

ness troubleshooter, says.
"This was oak-beamed, it. was in a marvellous location with no other houses in sight and a stream running through the grounds. We used to be able to sit in our drawing room and watch the salmon jumping. That house started the whole thing off."

Since then, there have been two Elizabethan gems, one in Essex and one in Herefordshire, with a Regency in-between. This year he has bought Regency again, in Herefordshire - "the ultimate sacrilege, but then; as somebody wisely observed, with property, location is

He expects this move to be. the last. "We have down- the mill on the moors gave sized, as befits old people," he says wryly. "The trouble that they can be too large. ever since. "Put us down My wife and I are at the anywhere and we burrow in stage where we are wourled like moles," he says...

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f there were an Eliza-bethan Home-Owners shelf life of a retired execubethan Home-Owners shelf life of a retired execu-Club of Britain it tive like me is about six months. I didn't want Betty to be in the position of having to leave the home we

had built up together." That last home was the splendid Grade I Rudball. It was a most beautiful house," Sir John recalls, "absolutely magical. It was built in 1200 and had been lived in continnously ever since. Nelson had stayed there - and he is: a great hero of mine. He came to the area to select

oaks for his ships." Rudhall sold within an hour of being put on the market to the first buyer

> They are masters at dealing with rot and deathwatch beetle

who saw it. The new owner has plenty of enthusiasm but no experience of living in an Elizabethan house. For him it is the beginning of a journey," Sir John says, "for us, it was the culmination."

· Both Sir John and his wife grew up in families based in colonial India. Neither had anywhere in England to call home. That rootlessness persisted while he was in the Newy. In 1968 the move to them a chance to put down roots and establish a pattern with Elizabethan houses is of life which has continued ever since. "Put us down

usually in need of restoration, which continues until the day they leave. (It. amazes them how the English moneyed classes still rub along with one freezing bathroom and a

poky kitchen i' They try to restore the structure as authentically as possible, while installing modern necessities such as central heating. "Having an Elizabethan house doesn't stop us putting in spanking new bathrooms and kitchens," Sir John says. "I want to live in the place. I want to be warm. One of my hobbies is cooking, so I want a really spacious kitchen - but-with an Aga rather an Elizabe-

They are past masters at dealing with the familiar enemies of dry rot, wet rot and deathwatch beetle. "Woodworm? I sat wood-worm for breakfast." Sir John says if you poke

than open fire."

around too much you simply unearth more trouble. But if you leave places, something far worse can happen. One night before he was due to go on a six-week visit to the Far Best the entire wall of their house in Essex fell down. "I had to go, but I didn't much like leaving my wife protected from the elements by nothing but a

sheet of polythens." But these pains are more than compensated for by the pleasures of living in a beautiful period house. Sir John lists the main joys as being the warmth of the oak, the location - "in those days each house of any size was located with extreme care" and the mature trees which put something back," he surround you. The downside says.

they are often dark, whereas Regency houses are light and open to the gardens.

"We have never taken any liberties with our houses, Sir John says on a more serions note. "We spend a fortune restoring them and loving them and cherishing them. At Rudhall we had what some people believe to he the finest hargeboards in Britain. They had had no treatment, yet they were still solid - you couldn't bang a nail into them. It's unhelieve able how oak houses last.

"But Elizabethan houses are very unforgiving," hesays, "It is very difficult to light them sympathetically. You can buy very old chan-deliers, but they're very expensive. Everything about Edzabethan houses is expensive. You spend the whole of your life and wealth prop-ping them up. It's not a game for anyone who hasn't got access to money."

Many Europeans find this Rnglish willingness to sacrifice so much in the cause of preservation as eccentric as our fondness for warm beer. Why not, they ask, buy a Sir John shakes his head.

"As a race we tend to be backward looking - but then we have some glorious things to look back on. When you live somewhere like Rudhall it gives you a feeling of being a part of old

England.

"Sach house my wife and I have owned, we feel we have saved for another 20 or 30 years," he explains. "It's like planting trees. It's a bit of immortality. You have to



Sir John Hervey-Jones, lover of olde England, in front of the market hall, Ladbury

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In all about 162 acres (65.56 hectares) Apply: Cirencester (01285) 659771 or London 0171-629 8171



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Gate lodge and 3 further cottages.

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### RETIREMENT HOMES

# Rise in demand for top quality housing

Gerald Cadogan on the latest developments for older buyers

f only we had come sooner," is the com-ment Noel Shuttleworth, pioneer of retirement housing in the UK, hears most often. What do the occupants of his English Courtyard Associa-tion developments mean? They suddenly realise, be thinks, that "they are free of property obligations" and have time for grandchildren and leisure, while the management company takes care of maintenance.
"This business is about

freedom," he says. "And it is our moral responsibility to keep people as long as possi-

accommodation that is easy to adapt as people get older, especially as more people are buying younger, even at 55 (the usual minimum age for retirement schemes), "Those around 70 who are still active derive most benefit." Cottages are planned for occupants to live wholly on the ground floor if infirmity strikes them, and stairs are built to take a lift. "We aim to provide services, but not

look geriatric." Wide doors for wheelchairs and electricity sockets at waist height are standard, and in the new ECA schema at Mytchett Heath, in Surrey, the drawing room cellthe bedroom. It is easy, if

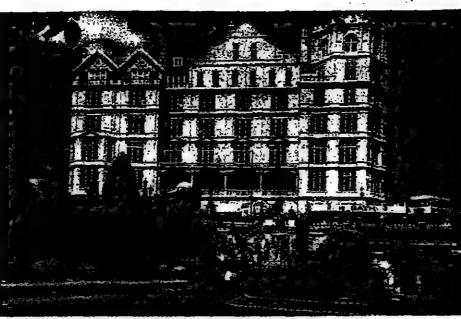
necessary, to cut back the plaster and put lifts in. A courtyard or quadrangle is the usual layout for topclass retirement housing specialists such as ECA. Beechcroft and Pegasus. It can hold apartments and terrace "cottages" and gives a sense of community. But no two schemes are the same. Most include a small private garden for cottages as well as the communal garden.

All schemes have someone

on call, generally a warden or manager, 24 hours a day, but the companies stress that they are not nursing homes - although they are happy to arrange for the doc-That means designing tor and nurses to visit. Other options may be a dining room, a minibus for taking residents shopping, and guest suites. At Mytchett these suites cost £9.50 for the first night, and \$2 a night afterwards for up to five

> Some schemes offer swimming pools but Shuttleworth does not see them as es tial. People like the idea if they come in to a new scheme but, as they grow older and use them less, discontent may arise between users and non-users over the

service charge.
I put this to Mike McCarthy, of Pegasus, who replied that he had costed the pool at his scheme in Oxford and found that it added only 85p to 90p a week





oft's pottages at Berton Form, Cerne Abbes, Dorsel

to the charge, which was not worth arguing over. But it is. a large scheme of 92 units which lessens the cost. Guy Mossop, of Beechcroft. reports that his pools are very popular.

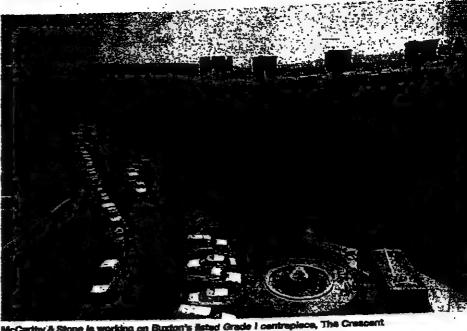
The Pegasus flagship scheme, converting the Empire Hotel, at Pulteney Bridge, in Bath, does not have a pool because it could not be fitted in. But it does have public restaurants and the units are finished as far as possible to suit the residents' wishes. The local council is ecstatic, says McCarthy, seeing it as as part of the renaissance of

The move to steadily higher quality is a notable change in retirement housing. Buyers "want space and service," he adds, "and to influence how it looks."

The approach must be paying off since three-quarters are now cash buyers, with the rest on part-exchange; 2% years ago it was the other way round. Pegasus had film more turnover in the first half of 1996 than in all of 1995, ensuring the best year since it was founded 11 Likewise, ECA sales were

tions 100 per cent compared with January-June 1995. Demand for one-bedroom units is down. Buyers like two or three bedrooms and two bathrooms, and enough parking space. Couples now make up 40 per cent of buyers, McCarthy finds, and there are more single men: a short time ago 80 per cent were single women (including widows and divorcees). Shuttleworth recalled that his first scheme, at Pewsey, in Wiltshire, took in three

Buyers are often on the Likewise, ECA sales were mailing list for years, Mos-up 78 per cent and reserva- sop says, before they decide





The Cloisters, Oxford, a develop

to move. Shuttleworth finds that almost all at ECA have heard of it from a friend or visited an ECA scheme.

His first scheme in the north is now under way at Tattenhall, in Cheshire. There is usually a choice between a new scheme or resales, which the developer administers, often for execu-

As more buy in their late 50s, appreciating the service and security aspects, the average age of Pegasus's residents is down to around 70 from 78. But all companies report plenty of healthy residents in their 70s and 80s.

Shuttleworth even sees couples who bring in an aged surviving parent.

Residents normally buy a leasehold and pay an annual service charge. Typically this could amount to between £150,000 and £250,000 with a service charge of perhaps £2,000. Beechgroft is starting soon in a Cotswold market town. ECA still has some space at Mytchett and Pegasus has some in Bath. McCarthy & Stone is working on a scheme in The Crescent, the listed Grade I centrepiece of Buxton, in

And what will the next move be? Mike McCarthy is in no doubt: "Many more brown-field schemes on redundant urban spaces." Since one aim in retirement developments is to increase the density of occupation, cities are ideal locations. Shops and leisure are there to hand. He is looking hard at Leeds, London and Manchester.

■ Beechcroft, Walkingford (01491-234975); English Court-yard Association, London (0800-248505); McCarthy & Stone, Altrincham (0181-941 6255); Pegasus, Cheltenham (01242-576610).

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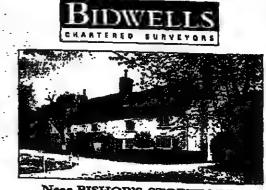
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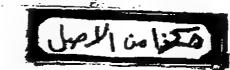
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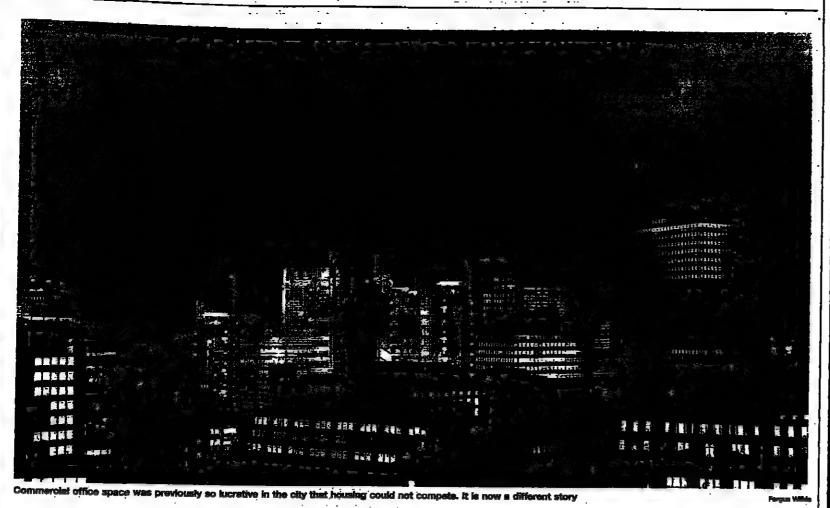
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#### CITY LIFE



# A new-found interest in living above the bank

Anne Spackman looks at homes attracting bankers and business people

or the first time in 150 years the population of the City of London is rising. The addition of a few hundred new residents hardly compares to the 130,000 who populated its wards in the mid-19th century. But they do represent part of a shift in the residential pattern of the capital.

The City never recovered as a smart place to live after the Great Fire of 1666. While merchants hurried to rebuild their commercial premises and public buildings little consideration was given to the quality or style of housing.

As Roy Porter writes in his highly acclaimed London: A Social History, "the phoenix City displayed little that was grand or gorgeous ... the housing style was vernacular and solid new West End ... the fashionable fled for ever."

STRAIRS

4-1-18-6-60

Those who are returning might not argue with that. They are buying homes in the City not because it is the smartest place to be, but because it is convenient for work. If asked where they lived, the majority would have another house to call

The City's new residents divide into three groups. Half are business people who have either bought or are renting their City flat as a pied-à-terre near the office. Of the rest, many are overseas bankers working in London for anything from three months to three years. Finally, there are the first-time buyers, who have opted to live over the shop - or, more likely, the bank rather than commute. It is a more concentrated version of the resident profile found further east in Docklands.

Why have these people chosen the City? It seems it is partly a result of changes in living habits and partly the result of the changes in London since the beginning of the decade.

The average working day for most of the City's new residents is likely to be 12 hours. For many, it starts early and, even when it 90 mainly one and two bedends, there are clients to be room apartments, with entertained.

"There has been a real turn-around in people's attitudes to commuting," says Suzannah Powell-Cullingford, of Hamptons, which is opening its first lettings office in the City this autumn. "If they have to be



A view from the penthouse at St Andrew's

at their desk by 7am they don't want to get on a Tube at 6am."

It is also the first time the City has really been an option. Apart from the architecturally-challenged Barbican - which houses half the City's 4,000 residents - there have been almost no new homes within the Square Mile until now.

Commercial office space was previously so lucrative that housing could not compete. But with poor quality office buildings attracting little interest and with land elsewhere in London so expensive, the developers ore moving in.
One of the most active is

St George, the London wing of Berkeley Homes. It is building the largest City development at Little Britain, a few hundred yards from St Paul's Cathedral. The scheme involves the creation of five buildings which either retain or replicate their 19th-century facades. They will contain more than prices at around £300 per sq

St George is also involved in the redevelopment of the former Spitalfields market. just outside the City's eastern boundary on Bishopsapartment development in May, probably convinced that the new banks on the site would guarantee a steady flow of City temants.

Although it is styled like a traditional tarrace of houses. the scheme consists entirely of apartments with a business centre and gym attached. Hamptons plans to set rent levels at around 9325 week for two-bedroom,

Commuter resistance and commercial recession has helped City fringe development

rwo-bathroom flats. The first phase will be completed early next spring.

Barratt has successfully converted a number of office buildings on the City fringes. Its most recent was Cathedral Lodge, which lies within the Square Mile near the Barbican. Half was sold to owner-occupiers and half to overseas investors in Hong gate. Singaporean investors Kong and Singapore, who bought heavily into the 130- are realising rents of around

The exterior of The Powerhouse, Comhili.

London (Hemptons)

These developments are typically situated away from prima City sites. As Peter Sloane, of agents Knight Frank, says: "It is only in secondary office locations that the residential potential outweighs the commercial value. That is not true of most of the City which is prime commercial space.

Where developers have prime sites, prices have risen accordingly. At St Andrew's Hill in EC4 and at the Powerhouse development on Cornhill, Hamptons has let one-bedroom flats for more than £350 a week. Both schemes were sold in the Far East then let to banks such as Warburgs, which uses the flats to house bankers on short secondments.

The latest prime development is by Regalian, which is creating 11 apartments 300 yards from the Mansion House on the river overlooking Southwark Bridge. Prices for the one-bedroom

apartments start at £280,000, with the penthouses priced at £1.5m. The scheme has just been launched in London after some pre-sales in Hong Kong.

The combination of comalso been responsible for the to call the City their home.

£225 a week for two-bedroom development of areas on the City fringes such as Cierkenwall and Southwark.

The difference is that the City's reputation makes it an easier address to sell to the Far Eastern investment market. That, in turn, means more tenants and secondhome owners, which is likely to mean the communal niceties of restaurants, shops and street life take longer to become established.

This lack of social life has

kept bankers in New York

around Central Park rather than Wall Street, according to Kathryn Korte of Sotheby's International Realty. There have been some developments in Battery Park, but investments bankers and bond traders really don't want to live in that area," and coach house. she says. "They still prefer to have their pieds-a-terre on the Upper East Side or

more of a social life." The Corporation of London is determined that those bankers who have opted for the Square Mile will not be forced to give up their social life. They are keen to establish the kinds of bars, shops and eateries springing up elsewhere in muter resistance and com- the capital. If they do, they mercial recession which is might start attracting some driving the City market has purchasers who are willing

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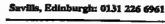
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#### The trend away from offices Anne Spackman on the areas which are the focus for developers town districts. In the no-man's land between Isling-ton and the City, Metropolts: Groot Collis. be sold later this year ity over the past 12 months. Galliard, the developers of County Hall, are looking to of developers' attention. he division between There is a growing consen-

residential London in the west and working London in e east is being most actively croded in the central districts which link the City and the West End. Places such as Holborn,

sus that buildings with poor quality space and services will find no takers as offices. Instead developers are looking to convert them into hotels, serviced apartments or residential blocks. The pattern which began

is converting a 1950s office site on City Road into The block which takes its name and style from New York. They are stripping the building to its frame, putting in car parking and a gym and high specification flats of difference in that neighwhich will be marketed at bourhood, but it also reflects spreading across what Sav-

These apartments will be almost twice as expensive as Lexington - an apartment Metropolis' earlier development of a tea warehouse a few hundred yards to the north. The price differential is partly because of a few hundred yards making a lot an improvement in the ket is virtually only for City rooms. The first phase will area's residential acceptabil-

County Hall, are looking to extend their coverage of central London with the acquisttion of a building behind the Strand called Little Adelphi. They are also part of a consortium developing the Shell Downstream building on the south bank which is to be converted to residential use. In the City itself the mar-

Clerkenwell, Bloomsbury in Clerkenwell, where redunand, on the south bank, dant warehouses were turned into lofts, is now ills describes as the mid-

Southwark, which are dominated by second-rate commercial and institutional buildings, are now the focus

#### GLOBAL LIVING

# How the very rich choose their homes

Anne Spackman considers the lifestyles of those who spend their time whizzing around the planet

or properties sold for more than 22m in London a perverse rule seems to hold true: the more expensive the house. the less time its owner is likely to spend in it. Almost anyone who can afford a cam house in London can usually afford a country house as well, if not a holiday home on the Mediterranean, a flat in New York and a base in their home country, should they be from

There are plenty of these people and their numbers appear to be growing. According to agents Knight Frank there are 86 properties on sale in London for more than £2m. Compare this with the market just 15 years ago in September 1981, since when the cumulative rate of Inflation has been 99.7 per cent. Then, the number of properties for sale at more than £1m in London was 17.

The big increase would appear to be partly because of the rise of London as a world city, attracting ever more global residents. In 1987, according to Savilis research department, threequarters of buyers of prime central London property were from the UK, with the other quarter made up of Americans, Europeans and

Far Eastern purchasers. Now UK buyers make up just half the purchasers of prime property, with the other half coming from across the globe. These figures apply only to purchasers of second-hand property, who normally buy for their own use. They therefore represent an increase in residents, rather than an increase in investors, who are concentrated in new

developments.
The increase may also reflect the growth in very wealthy people who do busi-ness across the world. Their working life means they never spend more than six months of the year in any one country. How best do these global people mest their property needs?

The answer depends partly on how they make their money and partly on how much of it they make. The billionaires, the richest of whom normally have oilbased wealth, may well not care if they own homes they have not visited for years, as long as their investment

> stars from overseas are responsible for lent investment," she says. some of London's most spectacular rentals

Show business

Middle Eastern buyers, who make up 7 per cent of the market in London, tend either to buy a large house ment in Mayfair plus a house in Surrey or Berkshire for their English base. The Bishop's Avenue, Hampstead's best known billionaire's enclave, is uninhabited for most of the year. The Mercedes and BMWs only appear in summer. For the rest of the year the only residents are staff.

Trevor Abrahmsohn, operates Glentree Estates agency

many Middle Eastern buyers look on London as a good place to buy property in the same way people might see Milan as a good place to buy suits. "It is a base of convenience. It is a good insurance policy in case of trouble in their own country and it has normally proved a very good investment," he says.

But what about those whose work requires them to be in London and elsewhere? Successful businessmen make up most of the world's global residents. Lorna Vestey, of agents Knight Frank, says they buy in London because it suits their personal as well as their business lives. "We have worldfamous schools and universities, world-famous shops; good theatres, pageantry, excellent racing and, on the whole, buying property in

Willie Gething, of the buying agency Property Vision has done three deals at more than £5m in London this year, all of which are for clients who own many other homes. He says that for the very rich the decision to buy somewhere is based on ease of lifestyle and confidence in the currency.

"London is a destination of choice rather than purely of convenience," he says. "As Europe is the largest market in the world, London is a sensible centre of operations for global business people. Most will also own in New York, then in a holiday destination such as Gstaad, Aspen or the south of France.

"They won't buy in the Far East; they might have an office there, but they will rent a hotel suite while they



Many global buyers have tainment. Perry Press, whose property company Pereds finds houses primarily for those in the music, movie and arts world, has one over-riding piece of advice: "Don't buy anywhere where you spend less than half-the year, unless it costs so little that you wouldn't mind it being washed away."

Press says he used to be

United States. Many of his

British clients had American business and good for tax purposes. Now, he thinks they are better off renting.

"I came to see the downaide of owning property in more than one country in terms of the administration have to employ a local housekeeper and security staff, you have to employ a local accountant and then you often have to employ ne to keep an eye on him. The swimming pool cracks or the tennis court gets flooded and it all has to be dealt with. You can rent the best house for less than the cost of maintaining your own. Also rept is a deductible expense if you are work-

ing on a project." Many of the wealthiest British showbusiness people are middle-aged men whose careers have lasted 20 or more years. They are most likely to keep a base in London and a country house within easy reach of Heathrow, where their family will

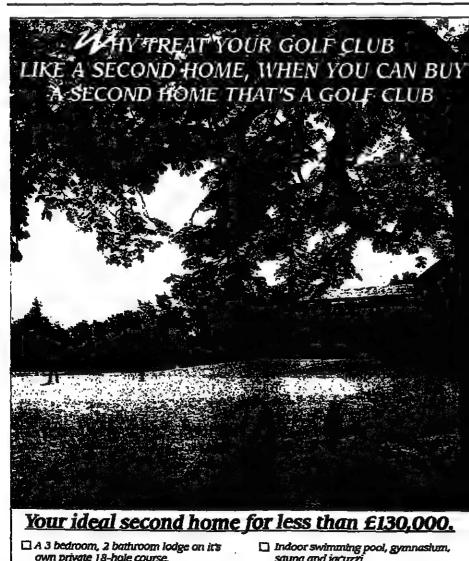
Show business sters from oversees are responsible for some of London's most spectacular rentals. Tom Cruise is said to have paid £10,000 a reek for a house in Holland Park. Cher rented a flat in the trendy Docklands enclave of Oliver's Wharf. Lorna Vestey, of Knight

Frank, says their unsettled lifestyles make renting a more suitable option. "The husiness person knows he can operate from wherever

he wants to," she says. "Showbiz people have to be more mobile. They cannot say they will always spend certain months of the year here, because they might be making a movie elsewhere."

She says there are some very rich families who simply collect houses around the world in the same way other people might collect cars. "There are people for whom we buy and buy, but never sell. If the value of their property is going up, why should they worry?"

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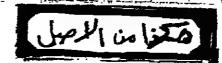
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# The lure of Asia's emerging cities

Anne Spackman discovers the rising price of eastern promise

man businessman was mur-Johannesburg last month, the South African-German Chamber of Commerce revealed that 16 of the 30 chief executives of German companies operating in South Africa had been victims of violent crime. It is a disastrous statistic for a country trying to rise up the list of preferred relocation destinations, particularly given that it has to compete with what is know to Europeans as the Far East.

Of all the emerging world cities to which business people might choose to move, Singapore and Kuala Lumpur are probably considered the safest. Indeed, Singapore is well-known in the US as the country which caned an American teenager for spraying graffiti. You are more likely to be the perpetrator of a crime, such as smoking in the street, than to be a victim.

Business people from the US, Britain, Australia and, to a lesser extent, Scandinavia and the rest of western Europe, are increasingly moving in to the emerging cities of the Far East. Singapore, in particular, is suckng in business from Hong Kong, now only nine months away from hand-over. Those who find Singapore too expensive are increasingly moving to Kuala Lumpur. with Bangkok and Jakarta developing fast behind.

Singapore is set to more than double its city area, attracting ever more bankers, accountants, architects and entrepreneurs into its millions of square feet of new offices. An even more franctic pace of development has been adopted in Kuala Lumpur, as Malaysia has set itself a target of becoming a first world country by the

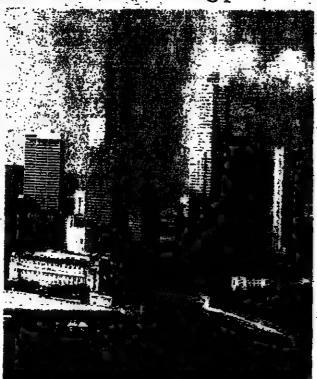
Singapore is, as of this

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year, already there. It has the huge advantage over the others of an effective transport system. It might take 45 minutes to drive three miles in Kusis Lampur because of the traffic congestion. In Jakarta and Bangkok it is worse. The only drawback in Singapore is that with cars costing a minimum of 82100,000 most business peonle cannot afford to own one.

The same is true of property. Foreigners are forbidden to own landed property, but faw would want to. Singapore is a rental city for overseas workers. Most live in the prime districts, numbered nine, 10 and 11, near the main shopping belt at Orchard Roed. Shirley Tan, of agents Savills Galbresth, says district 15, near the airport, is also emerging as a cities in the west, including chesper, acceptable location. London and Sydney. Dorene

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The Singapore-besed property company, LCR Developments, is one of many exporting this model to

Yn Toh, LCR's director of marketing and sales, says she is typical of the custom ers they are siming at.

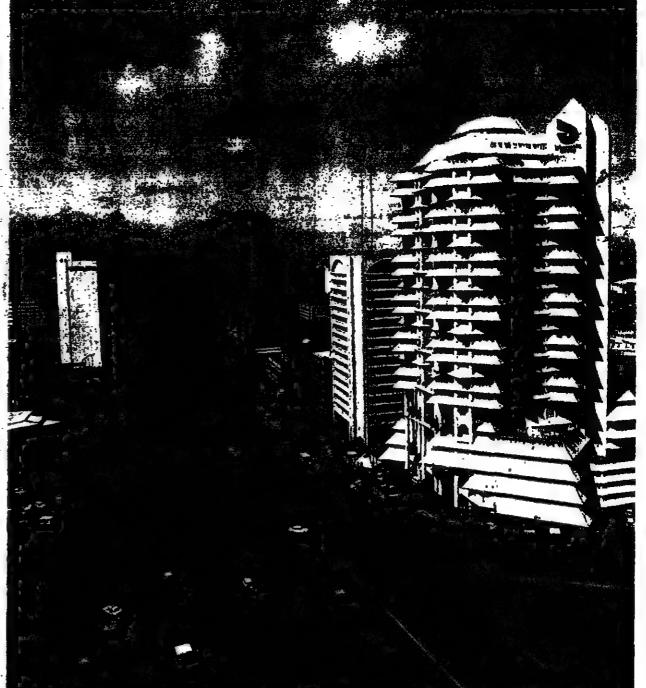
"I am Singaporean but I have lived in the States, in Hong Kong, in London and in Brussels. When I plant myself in any city, I'm looking for the same lifestyle. The type of people who travel abroad are very different now from in the past. The English don't expect to play cricket and create a garden any more. They are younger. They went the same facilities everywhere in the world."

In Kuala Lumpur the "condo" existence can be bought more chargly. With much more space, rental costs are less than half those in Hong Kong and Singapore, Robert Ang of Savilla' associate, Rahim & Co, says in Kenny Hills, Demansers, Heights or the more central Ampang area would cost from 6,000-10,000 ringits a month. In Bangsar, which is slightly chasper, prices are from 4,000-7,000 ringits.

But this is not the only lifestyle on ofter. Supetristes and wealthy Malays often live in detached houses with swimming pools. Nick Thomlinson, who oversees the Far East for Knight Frank, says: "Damansara Heights is a sort of Wimbiedon equivalent, a leafy area near the city. The journey to work nothing like as bad as in Jakarta or Bangkok. There it could easily take you 1% hours to drive to work,"

Kuala Lumnur is hoping to ease its traffic problems with the introduction of a light railway. Phase one of the me, being built by Taylor Woodrow, is due to be completed by the year and. Many of Kuala Lumpur's oversess workers are involved in the construction or project managers. The

huge infrastructure works



Jekarts: rentale are surprisingly high because of the demand for quality a

have brought in people from across the world, but particularly from the large multinationals," says Robert Ang.
"The manufacturing investment tends to come from Asian countries like Japan Taiwan and Korea. The Asians are used to a lower quality of accommodation and tend to have lower rental budgets.

Dr Stanley Quek, chair-

man of LCR Developments, says Kuala Lumpur is catching up on Singapore fast. "A lot of companies are relocating there because the office rentals and the accommodation are so much cheaper, he says. "In the last five to eight years Bangkok has also built itself some high quality condominiums, but it

problems. You have to live

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order to get to work. Some people live by the water and travel that way."

His company has just built a block of serviced and rental flats in Jakarta, which is a few years behind Bangkok. Rentals are surprisingly high because of the demand for quality accommodation has not sorted out its traffic

Many British companies

in town near the office in are expanding into Jakarta and Bangkok, but their staff still tend to come out for specific projects rather than to be posted for a number of years. Bill McLintock of Hamptons International, says there has been tremendous growth in Bangkok in the last three or four years. "Jakarta is quite a long way behind, but they are both

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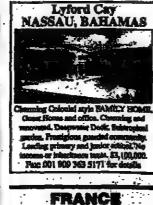
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#### STUDENT LIVING

f you are about to wave goodbye to your student child on the doorstep of a dingy university lodging, it might occur to you to buy them out of their residential

The sight of the cheque stub covering the first \$200 a month in rent your child and each flatmate is paying for a hovel is likely to reinforce the idea. Why not buy something better and rake in the rent yourself?

Nearly 40,000 UK parents have taken this step. They have either given their children the money to buy for themselves or bought the property as their own investment. About 2.5 per cent of the 1.6m student population are in this position. Should you follow?

The two most important considerations are the location of the university and the length of time you wish to keep the property unless, of course, you are rich enough for all financial considerations to be secondary to the question of whether or not it is good for students to rough it.

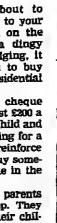
Location is as important a factor when buying a student home as it is when buying any other. However obvious this sounds, it is a point ignored by many parents when buying for their chil-

They take the view that the university will provide a constant stream of students equally desperate to rent in the same city. They can pick up a small terraced house for around £40,000 and clear £400 a month in rent after bills - more than double the return offered by the building society.

This argument only holds water for as long as they wish to remain a landlord. When it comes to selling they will need a buyer who actually wants to live there, which could prove difficult.

Many parents have discovered that they want to sell as soon as their child leaves. Three years capital growth at the current rate in the lower end of the market is likely to just about cover the costs of selling.

One family who bought for their medical student daughter in Bristol saw the value of their investment rise from £51,000 to £120,000 in the late 1980s. However, their only way of cashing in on the





# Britain's latest owner-occupiers

Ann Spackman finds that many parents are buying children their own homes while at college

profit would have been to put her out on the streets. They hung on, only to see the value fall back to £75,000

and even at that price they are having difficulty selling. Her father said the loss of profit was by no means the worst part of the experience. His daughter had not been the right kind of person to manage the business side of a house, particularly when her degree course was so demanding. "It looked a good idea on paper, but there are hazards," he

Even in London, where both the sales and rental markets are buoyant, agents warn against buying poor quality properties. Edward Church of the central London agents, Aylesford, advises parents not to buy a

flat they would not wish to future," he says. keep for themselves. Philip Green, A flat in need of redecoration is fine, but not one with

an awkward layout or in a poor location. "The impor-tant thing for parents to Best bet is a location near a supply of

lecturers, first-iobbers and students remember is not to: buy

dles when selling in the

Tube line and that they buy property above ground floor level for security rea-

something that they con-sider second rate, and 'good in student accommodation. enough for the children', as this will only present hur-

Philip Green, of Goldschmidt and Howland, which has an office opposite London Business School, recommends parents buy within walking distance of their

If the purchase is made as a medium to long-term investment the best bet is a thriving rental location which offers a good supply of lecturers and first-jobbers as well as students. Particularly good are cities with two universities, the newest of which is normally lacking

child's college or on a direct

Victoria Mitchell, a director of Savilla, bought a house for her daughter,

Rebecca, when she started at what is now Anglia Polytechnic University in Cambridge. "We were given a list of landladies asking 250-270 a week for a room and breakfast," she says. "The property was awful and very

She gave her daughter the money to buy a house in Chesterion, 10 minutes' bike ride from the college. At the bottom of the market in 1992, the three-bedroom house with two living rooms - one of which served as the fourth bedroom - cost £45,000 plus £15,000 to renovate and furnish. The rent was the normal 250 a week per student. It proved such a good

investment that she has since bought three more. "The net return is between

12.5 and 15 per cent," she says. "You cannot get that in the stock market. I look upon it as my pension."

She has had no qualms about letting to students. "Students aren't tidy. They

For tax breaks, a student must be the 'beneficial'

owner don't Hoover or dust, but they don't tresh the place either and they do pay their rent," she says. "I try to get one student to take the

house with their parents

guaranteeing the rent, then they find their flatmates. If something breaks down, we have given them the number to ring and they organise the repairs themselves."

How did her daughter find being an owner-occupier with landlady responsibilities at the age of 19? "To start with, she found it a bit of a struggle," Mitchell says, "but she got used to it. It has been fantastic in teaching her how to run a house and how to manage money."

There are tax advantages in students being owner-occupiers, rather than their parents' tenants. As an owner-occupier the student qualifies for mortgage interest relief (Miras) and rent-aroom relief, which allows for tax-free rent of up to £3,250 a year. When the house is sold

it will be regarded as the student's main home and therefore free of capital gains tax. Gavin Stebbing, of the accountants Windsor Stebbing Marsh, says the critical factor for obtaining the tax breaks is that the student

must be the "beneficial

owner of the property"

rather than his or her par-Mitchell has been so impressed by her experience that Savills is considering setting up an investment fund covering properties in the principal university

"The only long-term problem is that if, in future, students have to pay fees they may start liv-ing at home and going to their local university," she

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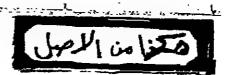
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# Why do British buyers tolerate wimpish design?

Gerald Cadogan enjoys some homes which are modern and mould-breaking

t is rare to find welldesigned, unabashedly modern architecture on the UK market. This makes the minimalist conversion of an office building into flats in Poilen Street, London W1, all the more interesting.

The architect of the development, between Hanover Square and Regent Street, is Mark Guard. Guard's aim ia to maximise light, space and whiteness, even using reflected street lights.

How different from the usual predictable new homes for sale. At the more expensive end of the market, they are neo-Georgian boxes, per-haps adorned with a neo-Georgian garage and swimming pool. Genuinely new ideas barely exist except in the areas of utilities, insulation and energy efficiency.

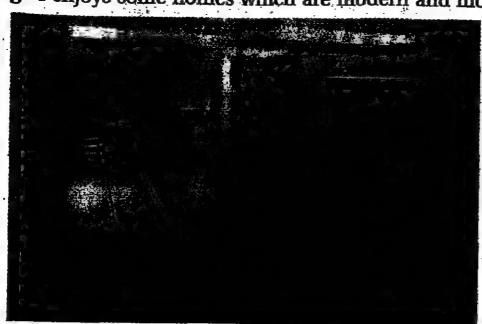
Neo-Victorian, with Gothic windows and the suggestion of a turret, is less frequent but there is enough around to keep the makers of Staffordshire Blue and (yellow) London Stock bricks busy.

Their job is to add polychrome patterning to the design, in an attempt to enrich the look of the building - a favourite ploy also for supermarkets. The results are a feeble postiche of their 19th-century origi-

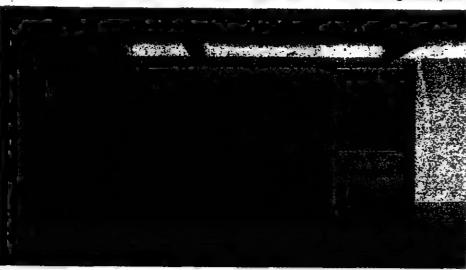
Likewise, it is rare to find paint schemes as bold as some Victorian concections. To see how they managed to be subtle and at the same time flamboyant, look at the painting on the Thames

New homes are often given "character" by adding "vernacular" details, creating a hodge-podge of old-fashioned architectural elements bolted on to a house. One wall may be of knapped filmt, even if it is not in chalk-and-flint country. Hanging tiles are put on. although they have nothing to do with their original

 $\underline{u}(t)\in \mathbb{R}^{2n_0}$ 



Tower Bridge flat: one of three pictures on this page Mustrating Mark Guard's use of light and space



A Guard apartment in Soho, London

function of protecting the soluble wall filling.

Why do the British tolerate such wimpish design? Inertia is one reason. So is the feeling of comfort that modern and efficient, but we traditional design seems to are still safe and familiar. give, even if it has been

stuck on to a suburban des

"Don't worry about us," new homes say. "We may be are still safe and familiar". Having it both ways? Not

lage cottage context and But it is what the great British public wants and this, I suppose, includes Prince

Such attitudes make it tough for innovative architects. That may be why one sees more work of theirs in

houses, and why the Royal Institute of British Architects runs an award scheme for housing projects, to increase interest in the sec-

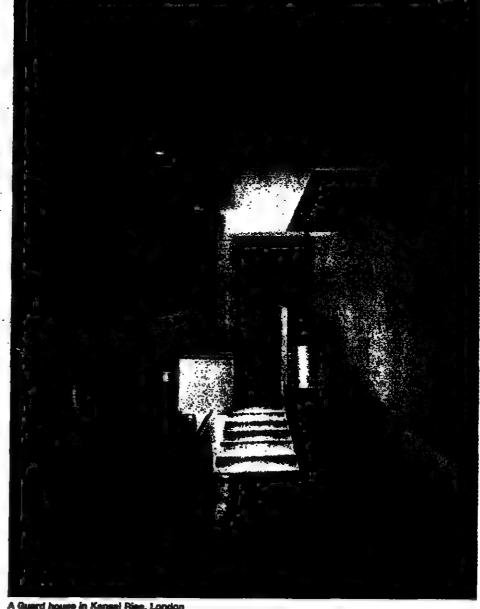
But the picture is not all sentimental sogginess. Guard has already designed flats for clients who hought unfinished "shells" in Manhattan Lofts' conversions of old commercial space. "Open plan or minimalist, that is what they like," he says. And who are these buyers? "Mostly mid to late 30s, without children, or the children are with a previous spouse." If it is a pied-a-terre, the aim remains to keep chil-

In Guard's new project everything is white except for the pale birch-wood floors. It is an ideal context for brightly coloured - or black - pictures and furnishings. He sets out to achieve "flexible or transformable

Big stiding doors, white, of course, create an interplay of smaller and larger areas. As they have no handles, they look like walls when they are shut. Roof lights, balco nies and thin shafts, as well as windows, channel light.

Since the kitchen is part of the main room, Guard also minimises that. He says "You must be able to sit down and not feel you are in the kitchen". He conceals appliances behind plain white doors so that nothing shows until the door is opened. Here all must be 'visually discreet" and extractor fans remove

For washing he favours circular showers which need specially ordered fibreglass bases. Why circular? "Because I can only think when I am going around in circles." The views from the eight flats in Pollen Street (which will be on offer through Winkworth from around 2235,000) are more



A Guard house in Kensel Rice, London

New York than London - an urban jumble of fire escapes and chimney stacks, plus the back of Vogue House and a sighting of the cupola of St George's, Hanover Square.

Their position is superb. on the border of Mayfair and Scho, but without the nightly noise.

An award-winning alternative is the conversion into flats of The Academy, a Victorian school on Highgate Hill, N19, by ORMS Architecture & Design. These are available for £137,500 to £280,000, with a penthouse at 2445,000 (through Hamptons or Keith Cardale Groves). Another winner, designed by

Michael Ginn Associates, is fluenced palace, with masses Art House Projects' conversion of a synagogue in Spitalfields, E1, into six units, three of them triplex lofttype houses with steel bridges across a sunken garden. Prices range from £175,000 to £275,000. The agents are Tarn & Tarn or

Or choose a spectacular trees. whole house in Witanhurst Lane, Highgats, N6, designed by Elana Keats with Michael Connley and on offer from Aston Chase, Glentree Retates or Savilie for 25.5m. On one of the highest points in London the archi-

tects have created a 1930s-in-

Urban Spaces.

of glass, white paint and plain timber, and curves galore, to make the most of the views of the city. The glass walls of the grotto room on the "lower garden pool level" retract electronically into the side of the hill. On the level above a large verandah floats among the

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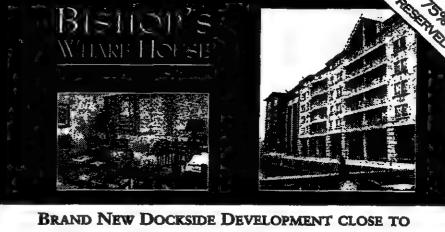
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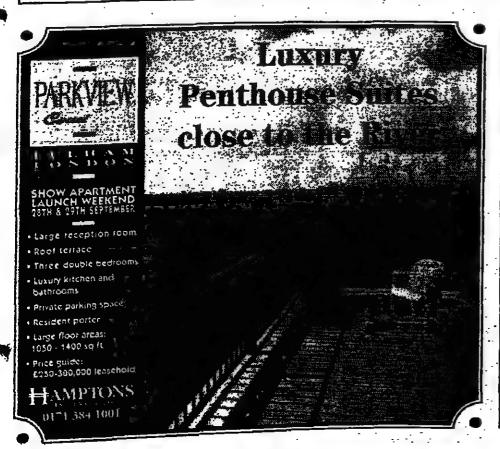
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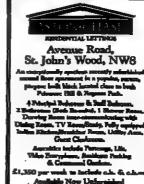
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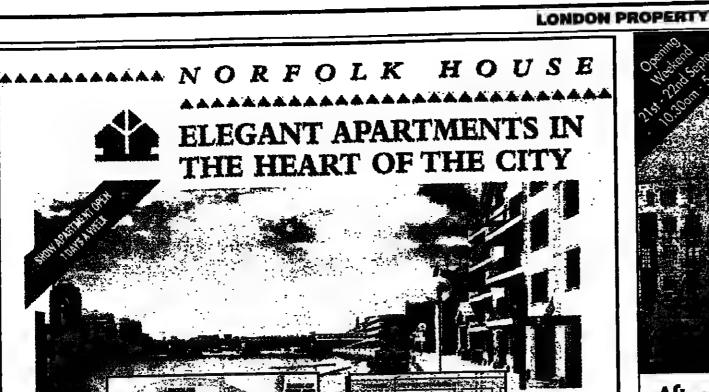
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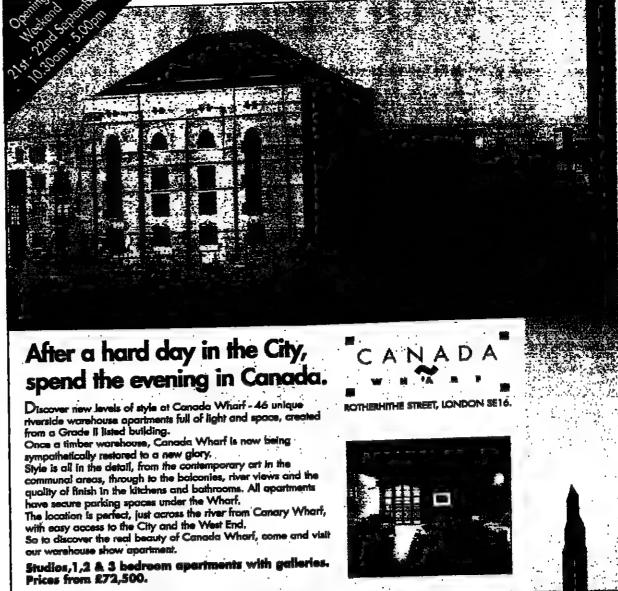
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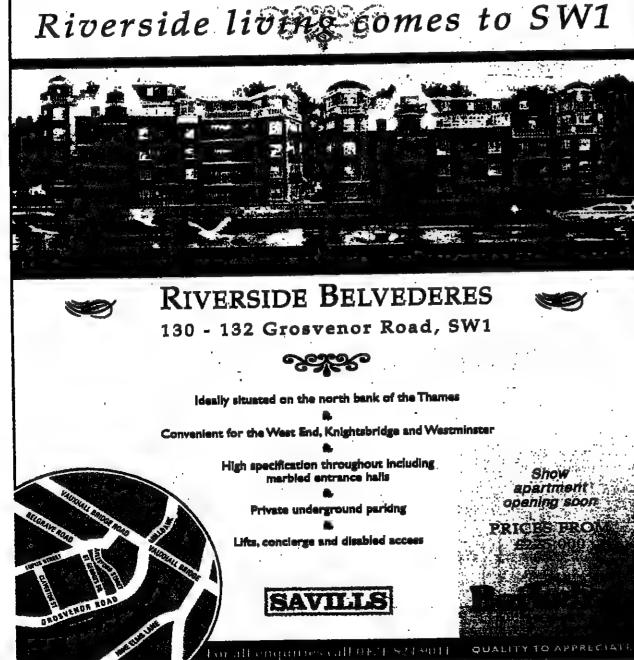
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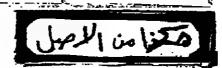
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#### IRELAND

hy are auctions such a popular way of selling good property in Ireland? In the UK they smack of desperation either the property will not sell at all or it is a repossesmon sale.

At best, they signal that the agent cannot set a price, say for a ruin needing total restoration. However, in ireland, auctions are a regular occurrence and carry no

Knowing why the Irish like auctions will help outsiders trying to buy property in a market that was hectic in the year's first half, "like the south of England in 1968-89," says Andrew Hay of Knight Frank.

It has now slowed, perhaps because of the holiday season, perhaps as a distant repercussion of IRA bombs and August marches in the Hay expects it to recover

momentum. The signs are good. The economy is doing well, Ireland has handled the BSE crisis better than the UK, and farmland sells for around 1£3,000 (£3,100) an acre, compared with £2,500 in the UK). But, UK buyers note, the punt stands at a 3 to a per cent premium to the pound.

In Ireland auctions are fun. They make an exciting event, with 150 people in the room, drink in hand, all knowing who will bid, and eager to see the drama roll.

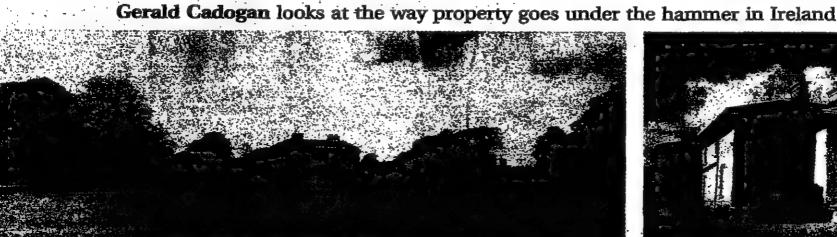
Irish buyers do not like tenders. They are secretive "You don't know who you are bidding against," says Hugh Hamilton of Hamilton Osborne King. But in an auction you think, if it's worth £10,000 more to that fellow, it's worth £10,000 more to me." How far from Scotland, where sealed tenders with a closing date are the standard system.

There is also an historical reason for auctions in Ireland. Estate agents there mostly began as agricultural auctioneers, selling machinery, farms, fence-posts, cattle and grazing. It is an easy step to selling houses.

Agents and vendors like auctions since they set a definite timetable of advertising, sale and completion. For John Hamilton, of Jackson-Stops & McCabe, it is the best method when he fore-



# Why Irish eyes are smiling



Ardbreccen, near Neven, Co Meeth: the sesence of an triel: Georgian house, its guide price is £5000,000

slow sellers, unless a mortgage lender is putting pressure or the vendor wants to be out "before the winter". Sometimes a property sells after an auction - the aucsees competition, but not for tioneer may well withdraw a contracts on the bartop, tions? High Hamilton's rule with 14 acres at Moyglare.

property from the room and goes to the bar where; for the next half-hour, he will treat with anyone who has already bid.

"I have sat in the ber until tion room having winkled two in the morning," says out serious buyers. An auc- Hay, "when we exchanged

among the debris." The of thumb is that 50 per sent reverse happens if only one sell under the hammer, 45 bidder appears. per cent before or after, and Beforehand, an auctioneer only 5 per cent do not sell. "It's better than doing it by usually greets everyone who

comes in and gauges inter-So how successful are auc-

Recently he has sold the Glebe House, an old rectory,



Globe House, Moyglars, Co Kilders: at auction for 19470,000

near Maynooth, in Co Kildare, at auction for 15470,000, compared with a guide price of 12400,000. Its location , only 16 miles from Dublin, would have helped bidding.

new auction for the lots as a A variant in farm auctions in Ireland is to record the

whole starting at that total which immediately becomes bids for the various lots, but the reserve price underpin-

not to knock them down

with the hammer. "That cre-

ates a good buzz," says Hay.

Then the auctioneer pauses

to add up the bids and hold a

ning the bids. On Thursday Myrtle Lodge in Dunganstown, Co Wicklow, 35 miles south of Dublin, is to be auctioned. A horsy place, it is in the prime condition one expects of the property of an Irish national dressage champion, Deborah Gibson, and her husband, who are the ven-

It has 196 acres (22 arable,the rest pasture) with piped spring water in all fields and most pasture reseeded in the past five years. Five hunts are in easy boxing distance.

With a guide price of Itlm. this establishment is for serious riders, including hunting fanatics whose eyes turn to Ireland (in case it is hanned in the UK). Or it could be a small stud. Hamilton Osborne King is the auction-

together with Knight Frank, is soon to auction Ardbraccan near Navan, Co Meath, 30 miles from Dublin.

It is the essence of an Irish Georgian house, built by the Church of Ireland bishops of Meath in 1734 and designed by Richard Castle (who also did Leinster House in Dublin), yet it is of manageable size. The plan derives from Palladio – a central block linked to side pavilions by curved passages. Ardbraccan has 120 acres. Its recent guide price sought offers of more than 12900,000.

However, plenty of houses are still for sale by private treaty. Around Dublin the buyers are mostly Irish, but the west coast with its string of airports attracts foreign-

Five years ago, more than 80 per cent of the buyers for large properties were German, Hay remarked. Now there is a mix of Dutch, German and UK buyers, while US buyers of Irish descent are taking on country house

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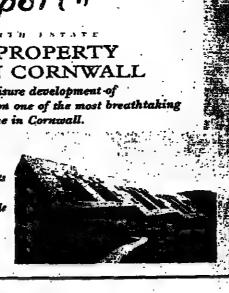
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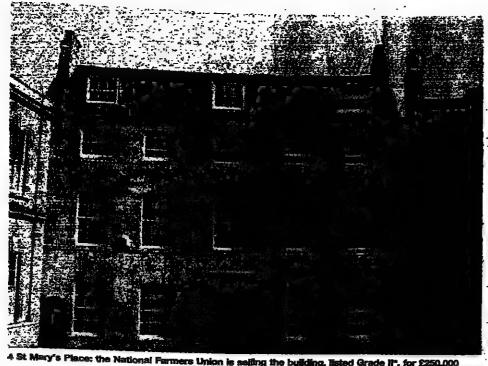


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#### PROVINCIAL BRITAIN







# Life in a famous corner of England

Gerald Cadogan wonders why more people don't seek homes in Stamford, where George Eliot's Middlemarch was filmed

eorge Ellot's profound psy-chological study of the inhabitants of an English country town, was turned into a television series, visttors flocked to Stamford in Lincolnshire, where it was

Strangely, there has been no television-led rush to buy houses there. Odd, since Stamford remains an excellent place to live, if one is lucky enough to obtain one of its grand 17th or 18th century town houses.

It is a complete Georgian tone town with about 600 listed buildings, many handsome houses in dressed limestone with roofs of Collyweston stone glates.

In the 1960s it suffered no hurt from new roads or developers' banal shops. Its high street is one of the best I know, because the standard shop facades with their familiar high street names, do not overwhelm the oldbuildings behind them, for

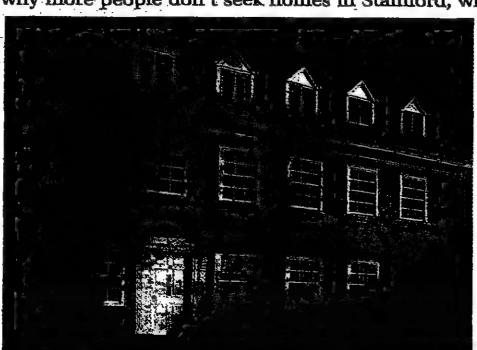
running down to the river Welland. "It is like Burford in the Cotswolds," a friend

In fact, Stamford is better than Burford. The grand houses look similar - and were also built on sheep and wool money - but they are laid out in streets and squares of varying shapes and sizes, and down alleys. They make a townscape of surprises, unlike Burford, which is in the thrall of one big high street. Stamford has the feel of old provincial towns in France or Italy and, like them, shows a strong sophistication.

It prospered as an inland port, and since Roman times. was the place where the Great North Road crossed the river (the border between Lincolnshire and Cambridgeshire).

A parade of fine churches

shows how rich it was even in the Middle Ages. Stamford is also known for its many. pubs, and used to have its own brewery, now a canoes and rowing boats, and plenty of pike for que-nelles de brochet. Or there is rises in layers against alopes fishing, sailing and wind-



in Barn Hill, a cobbled street running up a slope, the old houses are rich in secret back gardens

surfing on nearby Rutland on the other (Cambridge-

(open all the year) of Burghmuseum. The river has Water, a huge (3,100 acres) shire) bank. Its cobbled yard ley House, the palace that William Cecil built in 1687. is a summer restaurant. Coaching iums grew up at Nearby, 10 minutes' walk Through traffic on the Al the crossing, of which only from the middle of town, is bypesses Stamford but, post the famous George survives, the entrance to the park Middlemarch, visitors now

used to ignore. Businesses are delighted.

Excellent communications

Stamford has trains to Cambridge. Leicester and Peterborough, from where it is less than an hour to London on the East Coast main line.

In the 19th century, Stam-ford's growth slowed once Peterborough had become the main station of the region, apparently because the Marquess of Exeter (owner of Burghley) refused to allow the railway on his

The old houses are rich in secret back gardens, especially in Barn Hill, a cobbled street running up the alope at the top of the town. (It appears often in Middlemarch and has good views over Stamford and its stee ples and towers). But old houses for sale are scarce since many, like those round St. George's Square, balong to the Burghley estate which

But 10 Barn Hill, listed Grade II, with a back garden and the views, is for sale for £235,000 from Everitt Green. where two three-bedroom

combine Burghley and a It used to be the manse of bouses are for sale (Everitt visit to the town, which they the Wesleyan chapel and Green, £165,000; Savills, dates partly from the late £167,500). A large Victorian 17th century. A grander house two doors up was house in Tinwell Road, from Everitt Green for £250,000, is recently on offer from Savalso on offer. The rural palace of Burley on the Hill, built between ills for £395,000, and Todays

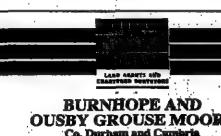
is selling the simpler number 2 for £115,000. On the cor-1694 and 1704 with a colonnaded forecourt modelled on ner of St Mary's Street and Maiden Lane, No 24, built in St Peter's in Rome, is 11 1794, is an imposing town miles from Stamford. house in a street full of A few years ago, the house became the victim of hard them. The price from Everitt

Green or Todays is £215,000. times but Kit Martin, guard-More imposing still, ian angel of many of the although it needs redoing inside, is 4 St Mary's Place country's great buildings, has saved it by converting it into self-contained (and verthe cobbled square around St Mary's, the main church. tically divided) houses. The National Fermers Union He has also been convertis selling the building, listed ing outbuildings like the

Grade II\*, for £250,000 Engine House and the Smithy, now on offer at £265,000 and £275,000 from through Carter Jonas, perhaps for changing into flats or a single home. Savills, which is also selling In the basement, beneath a flat in the Stables (a prethe classic Georgian dressed Martin conversion) for limestone facade and Colly-£185,000. In Market Deeping, weston slate roof, is a east of Stamford, 29 Church vaulted undercroft, probably Street is a typical old village house, from Carter Jonas for part of the medieval guild-hall. just £155,000.

Rock Terrace is an attrac-■ In Stamford (01780): Exerits Green (62849); Savills (66222); tive sarly Victorian development, in the style of St John's Wood in London, Todays (55077). In Peterborough (01788): Carter Jonas

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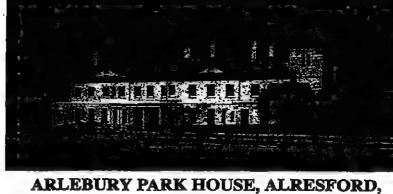
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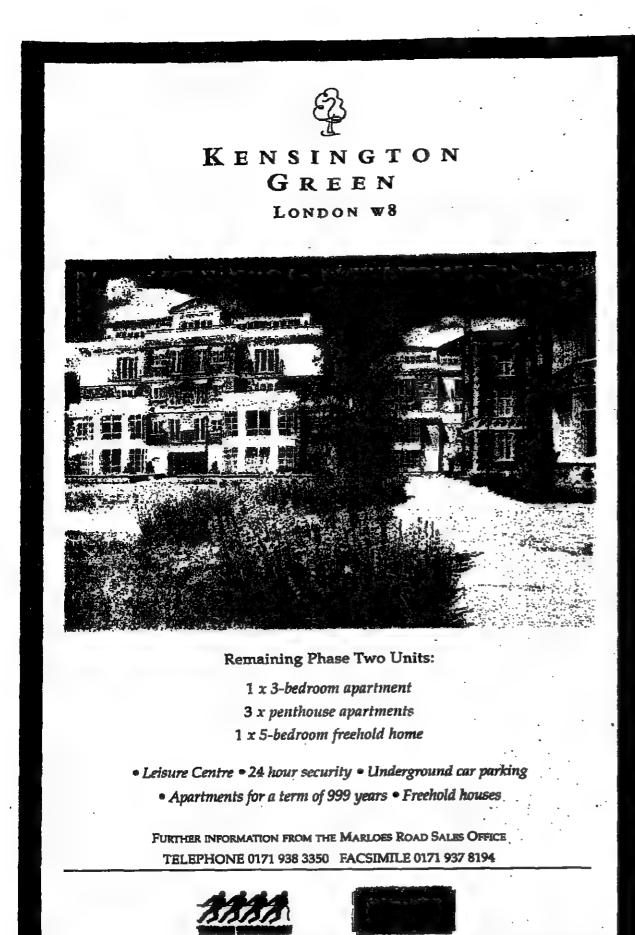
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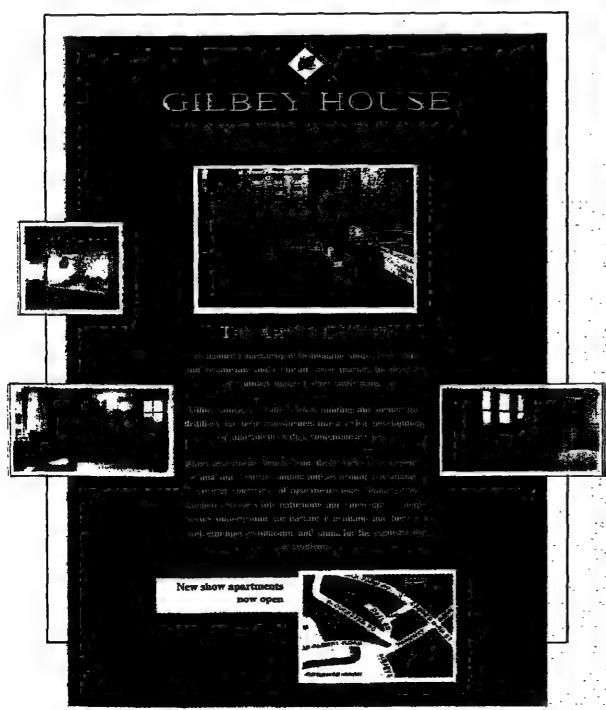
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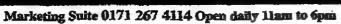
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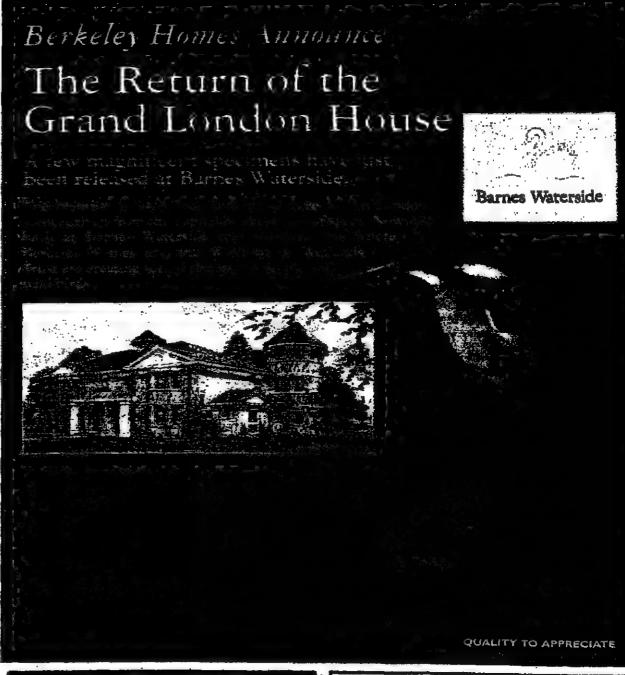


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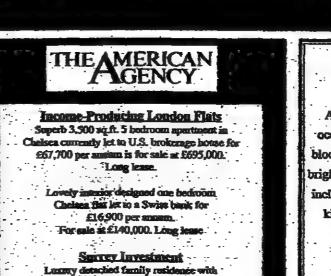








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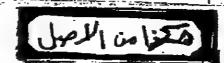
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# Young jewels in the crown

Lucia van der Post on designs priced between £30 and £30,000

hose who have come to know the autumn fair at London's Goldsmiths' Hall will scarcely need reminding of how splendid it is.

There, gathered from all parts of Britain, is some of the best work by contemporary jewellers and silversmiths. Apart from being a perfect opportunity indulge in some early Christ-mas shopping, it also offers a chance to see what our young - and not so young designers are up to and to check out those who might be worth commissioning for something special and one-

Those whose notion of jawellery and silver veers towards the old and the antique should make the effort to see what is being produced today. They ought to be much cheered.

For instance, there is Richard Fox's work - finely wrought salt and pepper pots and his equally fine spoons which are clean, indubitably of this era and yet as desirable as anything from the 18th century.

Martyn Pugh's silver-trimmed jugs are already so popular that there are waiting-lists for them (when I featured one of his claret jugs earlier in the year the phone rang for days with people wanting to get hold of

Maureen Edgar, John Richardson and Alistair McCallum all explore silver and enamel (McCallum in some very sophisticated beakers, Richardson with some rings and Edgar with some strikingly individual bowls,

cross the Mediterra-

nesn, there are still

some bright sheets

of flower on the

climbing bougainvilleas which are so familiar against

white-washed walls. In Britain, they will not survive

outdoors, but those with conservatories or cool green-

try to please them.

vases and pepperpots).

When it comes to jewellery there is a curious breadth of taste from some strangely derivative "antiquey" looking pieces to some genuinely innovative and exciting work. Look out for the work of Stephen Webster whose belt buckle in 18-carat red and white gold is not only beautiful but quite unlike any other belt buckle I have

Look out, too, for Alan Craxford's interesting version of the whacking great "solitaire". What Zsa Zsa Gabor - who never hated a man enough to give him his diamond back – would make of it I cannot imagine. Gabriella Lane's splen-

didly streamlined version of the famous Chanel jewelled bracelet is eminently desirable but many other jewellers (in particular, Bo Davies and Stuart Wharton) are also worth finding.
All in all the work of 80

craftspeople is on show. Prices range from £30 for a small ring or brooch up to about £30,000 for a grand piece of table silverware. There is, however, a great deal of jewellery that is under £300 as well as good silver pieces for under

Anyone with an interest in either jewellery or silver. and who cannot get excited by high street shops, should make a point of visiting this exhibition.

It is on from Monday September 30 until Sunday October 6, from llam to 7pm, except for Saturday October 5 and Sunday October 6 when it closes at 5pm. Admission is 28.



Silver pepper pot, enamelied with fine cioleonné work



Stephen Webster's bett buckle in 18-carst, red and white cold chased and engraved on a black hide belt: £3,040



A platinum diamond ring with diamond set in green gold by Alan Craphord: £12,500



cs (£85 amail, £95 large) and vase (£120)

#### Shock, horror - purple lips

of a shock to reel back from the summor holidays and find that frump-chic is the latest thing. Straight from the African bush and the Scottish heather, it sounds n bisserre candidate for the pages of the glossy magazines, though I should know by now that anything

All those equipped with crystal balls have, of course, already been rooting round in the second-hand shops and have their wardrobes full of authentic 1970s gear. They have got the flares, the purple Biba dresses and little pull-down bats.

Those who do not have the energy for the second-hand shops (though there is still time - read about clothes suctions on the Fashion page, opposite)
may have decided to buy it all new. They will by now have the chocolate brown coat, the tights (the authentic progenitors of the woolly tights are by Prada at £70 a pair, but all except the most obsessive of fashion victims would give up several lunch hours just to find a pair of Wolford's Follow Me at £22 a time), the trailing scarf, the spinsterish cardigan and the slightly A-line skirt

sitting nice and dowdily on the knee. All this means that this autumn is going to be stressful, so you will want to look your best. The authentic frump is topped by a dramatic face. Purnle. we are all reliably informed by Vogues American and British, is what we will be wearing on our lips and our nails. This may seem a remote concept, but those who remember the rush for Chanel's Rouge Noir last winter will recognise the pattern. First comes shock. horror, then comes familiarity and later comes a wild desire to buy it and figure it. In three weeks the rush will be on for Helena Rubinstein's Black Purple, for Biba's newly launched range of purple lipsticks

and eveshadows, for Estée Lauder's Purple Reigns Collection

Prices for keeping up to the minute do not, on the whole, come cheap. One excellent company which is as up-to-the-minute as you could wish for but which does not charge high prices is BeneFit. Out of its San Francisco headquarters it produces a brochure (ring 900-781-2336 to order a copy) which is filled with useful make-up tips.

In Britain, the products

can be bought at Harrods of Knightsbridge, London SW1, and Space NK, Earlham Street, London WC2. Here are all manner of beauty aids you never knew you needed until you read the blurb. There is, for instance, the lip plump for the "big, pouty lip look without collagen" (a mere £13) and "kiss-proof, swim-proof color" for cheeks and lips (Bene-tint at £20). There is a splendid range of lipliners at £8 a time, lots of glossy and shiny lipsticks and an absolutely translucent finishing powder (£17), which I use all the time. Telephone 01264-738257.

For those who cannot make it to exclusive London beauty counters, Aveda has just started a good mail order service with a splendidly produced brochure come chatty

mini-magazine. Through it you can buy the authentic tools of the trade, from the professional make-up brush kit used and recommended by Ruby Hammer (one of the leading make-up consultants in Britain) to a range of aromatherapeutic body and bath treats.

There is a range of excellent products for those who want more shine on their hair (the Brilliant Spray-On is particularly good) as well as Styling Pomade for those who simply must emulate the slicked-down look. For a copy of the current issue, talephone 0541-505000.

L.v.d.P.

Gardening

# Happiness is a favourite bloom

Robin Lane Fox visits London's Great Autumn Show where the bougainvilleas take centre stage

houses are always keen to mark as an exhibitor in its first three appearances in

This week, they have been looking very handsome at the Great Autumn Show. They were staged by Westdale Nurseries, Bradford-on-

BA15, which has made its not cheap, but includes a wide range of colours and provides an escape from the conventional shades of pur-Westdale will send out ple. On Westdale's London individually packed plants stand, I was particularly sed by California Gold which is not too deep a colour. Jennifer Fernie and Sea Foam are excellent whites, either of which would look

until the end of November at Avon, near Bath, Wilts £12.50 each. The nursery is

> fast-growing and is no doubt immune to Far Eastern virus in the system. These bougainvilless are

> > respond to artificial feeding from March onwards and merely require adequate sunlight. If the leaves are dropping, the cause is probably shade. Bougainvilleas like generous watering in summer, with time to dry out between applications. From November onwards, they are best kept dry and. contrary to popular belief, do not need high temperatures. If you can just keep off winter frost at 2°C (35°F), they

good if grown up a cane in

an 8in pot. The best of the

yellows was Lady Mary Bair-

ing, which is described as

When they start to send up new growth, they need a higher temperature of 8°C (45°F) evenly maintained at

March.

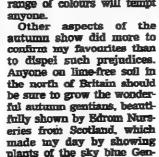
will be happy until early

a minimum throughout the night and day. Once they are and running, they must be kept warmer than during their winter sleep.

cool glasshouses of my Geralpine garden. The bougaintion. I have never grown them since, but Westdale revived my interest and its range of colours will tempt

tiana Farreri in a particularly clear form.

If I could take only one



Chinese alpine, this extraor-



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dinary flower would still be the first choice, although the experts say that its vigour has declined in cultivation and some of the intensity of the Chinese sky has been lost in its trumpet flowers.

The rest of us are plainly being coaxed towards evermore types of Crocosmia. Fancy yellow and scarlet forms are turning up in every exhibitor's list, whatever the status of the names. The red Mrs Geoffrey Howard from Avon Bulbs was the best of the reds, while the favourite yellow is still Citronella. For once.

one who wants a garden to continue into October. I am sure, however, that the plants grow and flower best if they are in sunshine without being too dry. Some of the best forms are living on in damp Ireland, a warning to those who assume that these South African corms want to be baked dry in a

very hot place. These autumn exhibits always repay a close examination for distinctive colours in familiar families. This year, I confirmed my belief that the darkest Scabius for sunny borders is Chilean

Euphorbia from Nepal, named Schillingii after its discoverer. I find it easy, free-flowering and hardy. It looks impressive if you dot a few plants around the garden where they persist invaluably in flower during August and September.

As always, the stars of the show were the dahlias. The range of crimsons, scarlets and vellows was overwhelmingly lovely and you could not do better than the small. deep red cactus flowers of Doris Day and the bigger dark crimson flowers of

by post, but will book orders until January 31 1997 for collection in spring. A fellow medal-winner is Tiveys at 28 Wanlip Road, Syston, Leicester (tel: 0116-269 2968), which will supply by post and carries an impressive range. The failing in most dahlias

wins a top medal. Regretta-

bly, it will not supply plants

is the duliness of the leaf, but if you work a few plants at intervals into late summer borders, the surround-ing stems of other families will conceal most of the greenery. From now until the frosts, dablias continue to enliven hazy autumns. They are superb cut flowers which seem to last for longer than anyone expects.

The experts tell you to cut flowers before 9am, and put them in water immediately, allowing them to absorb as much as possible before trimming and arranging them formally. When you do arrange them, cut the stems at an angle of 45 degrees at their base.



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#### FOOD AND DRINK



Eating out

# What's cooking in LA?

Nicholas Lander hears about the restaurant scene from a leading food writer

here had been distractions en recently opened Yujean Kang's restaurant in West Hollywood and my meeting with S. Irene Virbila, the restaurant correspondent of the Los Angeles Times.

I had come across two African resteurants, a Cuban restaurant mysteriously called Versailles, a man walking a stoat on a lead, and a sports shop called The Merchant of Tennis.

I was not surprised, therefore, when Virbiia told me that the large box-like room in which we were sitting had, until its transformation into a restaurant serving Chinese food with western influences, been an Italian restaurant designed with an windows and natural light.

Yujean Kang's location, next to a health club. seemed appropriate in a city where restaurants have to vie with a preoccupation for fitness. Our designer-dressed. waiter, having introduced himself and the day's specials, was quick to point out that, although the crispy beef flank steak was one of his favourites, it was fried.

No sooner had he left us, than Virbila latched on to that wicked word. "It is sadly a prerequisite for LA Five of the best

Some of food writer, S. Irene Virbile's favourite restaurants in Los Angel

en Italian restaurant particularly renowned for spagnett all'Amatriciana made with house-cured pork-cheek.

III The Crist, 9560 Deyton Way, Beverly little, (310-276 0615). Clubby with an old-fashioned feel — at least for Beverly Hills! Moderately expensive. III : Chinole on Main, 2709 Main Street, Sente Monice; (310-392-9025). Wolfgang Puck's exciting Asian-French

hybrid, to be followed later this airturn by ObeChine in erly Hills. Moderately expensive. Campanile, 624 S.La Brez Avanue, Los Angeles,
(213-938 1447). Exceptional, whether for breakfast, kinch

or dinner. Moderately expensive. III Ginza Spanisko, 218 N. Rodeo Drive, Severty (1884). (310-247 9939). Home to such master Mass Takayams where most of the essigned, including fugu (blowlish) in

ton. Is flown in every day from Japan. Extremely

chefs today," she said, "that alieses using a variety of not use too much butter, oil, salt or fat. Virtually the only soup left on restaurant soup or puree for this very reason and, professionally

speaking, this is a pity. Soup is a good yardstick to judge any restaurant by because I know that even if the management have recognised me the soup is made beforehand and there is nothing they can add to it to

try and impress me." To avoid recognition, VirCorkage

In contrast to their counterparts elsewhere, the majority of LA restaurateurs are happy for you to bring your own wine and pay contage, which ranges from \$7 to \$20 with

most in the \$10-15 range.

The eficuette generally is that you should not bring a bottle first is on the restaurant's wine list and that it. should be a good one rather than a \$5.95 screw-top

since it opened in April and this is the least satisfactory. "But Kang is an interestinterest in wine.'

The wine list is fascinating ity, offering a tasting of three different German whites or three soft, spicy reds for \$9.

the information for Virbila's annual review of Los Angeles restaurants. The next, to be published in April, will be entitled LA's Best Disturs.

Shortly after we met, Virbila's column was devoted to The Border Grill, Santa Monica (310-451 1655). While lauding the restaurant for its disincluding a mouth-watering dish of soft-shell crab dusted with chill powder and served with a sweet corn pencake and a mango and

Mary Sue Milliken and Susan Feniger, the chef/proprietors, were, in Virbila's opinion, spending too much time on their radio and television programmes and not enough in the kitchens - a

Virbila reflected on two trends in the LA restaurant business which are making her job, however enjoyable, increasingly difficult.

try still keeps The Grill,

# Champagne Prospects re bubbly and Pennin

Edmund Penning-Rowsell on a new accord in the market

pagne this century has largely been one of conflict between the growers and negociants with, for most of the time, the growers in a subservient position

Between the first and second world wars the nego-ciants, hard-pressed themselves in the years of deep recession, dominated the market. So when a co-operative was formed in 1927, in Mailly, on the Montagne de Reims, the cellars were dug by the poilus of the first world war, while their families scoured the countryside for second-hand bottles.

Champagne grapes have to be pressed immediately they are picked and the negociants secured them at very low prices. The growers have never forgotten this period. When the market changed after the second world war, and particularly in the last 30 years, to a great extent the growers called the tune. Many pointed jokes were directed by the merchants at the growers: for example, "a poor grower is one who has to clean his own Mercedes".

In 1959, the Comite Inter-professionnel du Vin de Champagne instituted a system by which each year, in a six-year contract, a price was fixed by the presidents of both sides, and the growers agreed to provide a stated proportion of their crop in the form of grapes. However, as trade improved, the agreed price rose and the quantity fell.

In 1988, the negociants refused to sign for a promise of only 42 per cent of their production. This freed the the city's best restaurants they are not prepared to drive for an hour to eat at a small neighbourhood restaumarket, and the grape price rant, however good.
Virbila feels that the big rose sharply to FFr32 per problem for restaurant kitchkilo plus a premium of about ens in the city is that of con-8 per cent. (The champagne wine-producing area is sistency. "Personnel change very, very quickly. Often, just after I have received a divided into varying quality and price categories, with the top villages on the Mon-tagne de Reims and the Côte press release to say somewhere has opened and who is cooking, I will receive a des Blancs receiving the 100 second telling me the chef per cent price which goes on to 80 per cent for out-

lying districts.) As the recession developed in the early 1990s sales fell, particularly for those houses which kept their sparkling wines for about three years before marketing them, involving them in considerable interest charges. Those who sold at the minimum legal 12 months in bottle and bought cheaper grapes suffered less. Even today, only a handful of companies are making profits.

As a result, the trade realised that co-operation and

son and Elder do not dive.

The scallops lose condition

then, but more important,

the divers do not want

stocks to dwindle, so they

declare their own closed sea-

son. Research into scallop

breeding has not yet yielded

the results that oyster breed-

ing has achieved. It is easy

enough to get them to

spawn; the problem is get-

ting the temperature and

nutrient balance right to

induce the free-floating scal-

North Isles Shellfish has

been able to produce 1 inch

lobsters for restocking. Last year it produced 8,000 at 40p

each (beating a government

research programme which

produced lobsters at a com-

mercially unrealistic price of

£2.50 each) and it is hoping

to reduce this to 30p when it

starts producing on a larger

scale. The hope is to fund

this restocking with a levy

lops to settle.

The story of cham-stability rather than conflict between the two sides were essential. So a series of agreements have been made by the two sides, starting this year.

The price of grapes has been fixed for four years at FFr24 a kilo plus a premium for the 100 per cent villages although subject to a fluctuation of up to 3 per cent either way. This price is FFr1.50 higher than last

This figure was not plucked out of the air, but in real money terms represents the price of grapes over the past 20 years. Second, the yield per hectare has been stabilised at 10,400 hectolitres: a reduction from 11,000 last year.

Next year the minimum period for marketing the wine will be set to increase from 12 to 15 months after the second, sparkling, fermentation, thus improving the quality. Further, the label must show clearly the name of the producer. So if a négociant buys any unlabel-led bottles (sur latte), ho

A factor in the minds of the Champenois is the approach of the millennium

must show the name of the grower or co-operative which made the wine.

This agreement, worked out between the representatives of the negociants and growers, comes at a time when recovery is mixed. Stocks amount to 1bn bottles, approximately four years' sales. The negociants will claim that the yields are too small, and the growers that the grape price is too

However, a big factor in the minds of the Champenois is the approach of the millennium. The merchants in particular, do not want any speculation. There is a strong view that the millennium will lead to a permanent rise in the demand for champagne, but there are others who believe that this will be limited.

Either way, consumers need not fear that there will be any shortage. They should benefit because, as in previous years, the Comite Interprofessionnel has steadily moved to improve the quality of champagne.

never look at them in the same way again. The reason? A trip off the Orkney Islands with a team who make their living diving for these delicious

Scallops gathered by divers cost twice as much as those that are dredged from the sea bed, but they are worth it. Not the least reason for the higher cost is the risk to life and limb for 17 years of scallop diving

expensive. Reservation only.

Three years ago she worked in Berkeley - where her restaurant recommendation is Oliveto in Oakland (510-547 5356) - but Virbila spent a lot of time cooking at home. Today, she eats out five or six nights a week, a figure far higher than any of her British counterparts.

She can visit a restaurant three or four times before reviewing it, When I expressed my dis-

appointment at our lunch she agreed, but added: "I bila operates under several have eaten here three times

ing chef, not just because he is a Chinese chef incorporatwestern foods - in contrast to so many western chefs currently using eastern ingredients - but because he was the first Chinese chef to take a particular

These visits also provide

tinguished Mexican cooking,

snap pea salad, she expressed her disappointment at the kitchen's incon-

familiar problem, sadly.

The first is the decline in the number of big new res-

taurant openings, a consequence of the recession and the reduction in corporate credit card spending. "The entertainment indus-

paid using a credit card that bore neither of our names and parted company. In dif-Drai's, Morton's, Patina and ferent directions, naturally,

Spage busy enough but the only new big opening this year has been Yujean

"Instead, there are a lot of

smaller restaurants opening

in the neighbourhoods, some

of which are very good." However, she said that

while her readers will drive

a long way to sat at one of

"Restaurateurs sometimes

cut corners by not hiring a

properly trained chef or

replacing one who leaves, leaving the kitchen in

charge of marginally skilled

line cooks. This is fine in a

grill or fast-food restaurant

but it does mean your ris-

otto or sweetbreads may not

be as good as they should

Our secrets shared, we

ing clams and a float and a

Divers go down in turns and follow an underwater

current, trying to move back

and forth across it. But if the

current is too strong it car-

ries them too fast to collect

much: if it is too slow it

means swimming a lot,

Between the three of them,

they can usually count on

collecting 200 kilos of scal-

lops a day. At £2 a kilo, this

gives £400 for the day's dive.

During the winter, when

demand is greater, the price

will rise to around £3 a kilo.

But after overheads they

expect to make about £100 a

day. Manson and Elder sell

their scallops to the Orkney

Fisherman's Society

although Orkney Salmon,

Orkney Seafayre and North

which is hard work.

lead weight in the bag.

Kang's," he says.

on landings. Apparently, most scallop divers would be happy to take part in such a

I ate a rough and ready meal of scallons on the boat on the way back to Kirkwall. They were nice big ones, about two to three ounces each, fried quickly and seasoned with salt and pepper and they were wonderful speared from the pan on the tip of a plastic knife. Really good scallops do not need

much done to them. Alan Craigie runs the best restaurant in the Orkneys. the Creel in St Margaret's Hope, and he believes firmly in simple presentations for Orkney diver scallops. (He does not think the dredged

variety are worth having.) He seals them in hot olive oil and serves them with a puréed roasted red pepper sauce flavoured with dill and chervil; the deep red sauce makes a vibrant contrast to the bright orange corals. He also uses them in an Orcadian fish stew, with the best available assortment of fresh-caught Orkney

#### George Dorgan enjoys the plumpest and freshest Orkney molluscs ing, Manson, Elder and Flint those who gather them. Their third man, Toby There are only about 30 throw out a buoy as a refer-Flint, has a masters degree professional, full-time scalence point to mark the curlop divers in Orkney. And I in marine resource manage rent. The divers wear suits ment from Herriot-Watt Uniwent out with Dave Manson because the water in Orkney and Andy Elder, who own is cold year-round - it never their boat, Aurora, and have for "clams" (in scallop-diver gets warmer than 15°C. They targon) for six months. He is carry a mesh bag for collect-

Where all the best scallops lurk



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quick to point out that theory is no substitute for expe-In the same breath that these men talk about swim-

coming up in a school of sharks or killer whales. They are remarkably casual about their brushes with danger. However, diving is much more environmentally friendly than dredging which ploughs the sea bed. Dredging rotivators leave and take everything in their

path - living coral, bottom-

ming with seals and dol-

phins, they also talk about

dwelling fish as well as immature scallops. Dredged scallops do not taste as good either. They hang around for a couple of hours in the rotivator before being brought up, which often breaks the shells, stresses the scallops, tough-ens the meat and changes the colour to a light brown. It also leaves fine grit embedded in the adductor

muscle, the part which we Orkney diver scallops are recognised as among the world's best and are eagerly sought in Japan, Switzerland, Belgium and France. The cold, nutrient rich water. makes them grow slowly and flavourfully. The strong currents around the Orkneys makes the adductor muscles work hard. Consequently. Orkney scallops can be twice



Scalloos in champagne: but some prefer a simpler style. Arenow Blok

salmon, which are firmer and fitter and have half the fat content of some west coast Scottish sulmon.

The divers go out whenever they can, usually about 120 to 150 days a year. Most Orkney divers know the places that are worth diving, and Manson and Elder have been diving the same area for some time. Their area has a lot of underwater currents, which can make diving difficult. And in their particular patch the sea bed is about 100ft down, limiting diving to three 20-minute dives with 11/2 hours in

Every diver knows that scallops are found around skerries - rocky outcrops from the sea floor that can

line. Scallops prefer a rockygravelly bottom so they can dig themselves in. They face the current so that plankton will wash over them. The flat, upper shell will be covered in barnacles and divers can tell by looking at them where they are from, and how old they are by counting the annual growth rings.

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Isles Shellfish also deal in divers' scallops. In July and August, scallops are spawning so Man-CLARETS

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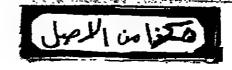
Lunch and dinner have been delectable experiences ever since the Prince of Wales was entertained there by Lillie Langtry in the 1890's. Three course lunch in The Cadogan's rather private restaurant is £16.90 (£17.90 on Sunday includes a half-bottle of wine). Dinner is from £23.90. Whatever you choose you can be sure of discreetly attentive service worthy of the 1890's when

Oscar Wilde was a regular visitor. For reservations, please telephone 0171-235 7141



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# Shakespeare – as you like it

The First Folio liberates the Bard from bullying notes and codpieces, rejoices Nigel Spivey

ther the church nor the theatre operates an exclusion zone on their respective tomes. The BBC Radio Four classic exercise of imaginarily dumping a celebrity on a desert island automatically assumes that both will be needed, at least for spiritual survival. They are the indispensable literary baggage of the bourgeois soul. (Who knows when they will be called upon in order to com-plete a crossword?) But if one is the word of God, what is the other?

Most of us are undecided whether to salute or blame the system whereby the Shakespeare phenomenon is first tossed towards us as a high school text. Those ragged, ink-tickled editions always game palimpsests for the boys in the back row whose copious footnotes glossed (so it seemed) every other word of an alien lan-

Were we really made to take parts at our desks, simply reading it aloud? No wonder the deliberate mis-pronouncements ("knobble" for "noble", hoho), the sniggers at every conceivable double entendre, the outright guffaws as the class pansy was given fair Juliet's part. And how was it that in order to clinch exam success, one had to invest in a stripey paperback crib which served the dullest form of reduction - predicting questions about the text, and supplying rote

Coriolanus, then, suffered: suffered considerably worse than Job or Isalah, And redeeming the contempt into which Shakespeare must fall when impressed on the curriculum is not easy. Those reared in single-sex schools may have cause to bless him, since most drama teachers have given up on transvestism, and the Bard offers a rare chance for lisifriscon.

This is why a new edition

he Bible - and graduated from all that, speare's 1623 First Folio is Shakespeare. Nei- most bourgeois souls will be an event to salute. The pubmost bourgeois souls will be content with a copy of the Collected Works ensconced behind a glass-fronted bookcase. There it sits, until seven down demands to know the name of Falstaff's

> Decades ago (from 1923), the Bodley Head published a series of "Quarto" texts of individual Elizabethan and Jacobean works, including some Shakespeare plays. They were line for line, with no clutter of annotation, in original spelling ("hee" for

The text, shorn of all scholarly apparatus, reveals and heightens the quality of Shakespeare's poetry

"he", and so on); and small enough to slip in a pocket or

Of course there was an academic purpose to this series: there is nothing Shakespearean scholars like better than a tussle over "foul papers", when not a single autographed manuscript survives. But I see from my variously collected copies of the Bodley Head Quartos that their market evidently included the "general reader"

Praise to the publisher. For this is what one needs, to recover (or gain) a proper sense of literary enchantment. One can never forget that one's very first smooch happened with the girl who played Titania. But access to g text, and nothing but a text, is a near-comparable

Stratford help. But having of the facsimile of Shake-

an event to salute. The publishers, W. W. Norton, bave printed 8,500 copies, most of which will probably be summoned by libraries. But despite the heft (920 pages) and the price (£100) of the book, it should not go unnoticed by us bourgeois souls.

From the most able, to him that can but spell.. the fate of all Bookes depends upon your capacities: and not of your heads alone, but of your purses." The ostensible editors of the First Folio. John Heminge and Henry Condell, thus enjoined "the great Variety of Readers" to share in the Shakespeare EXTREMES THE

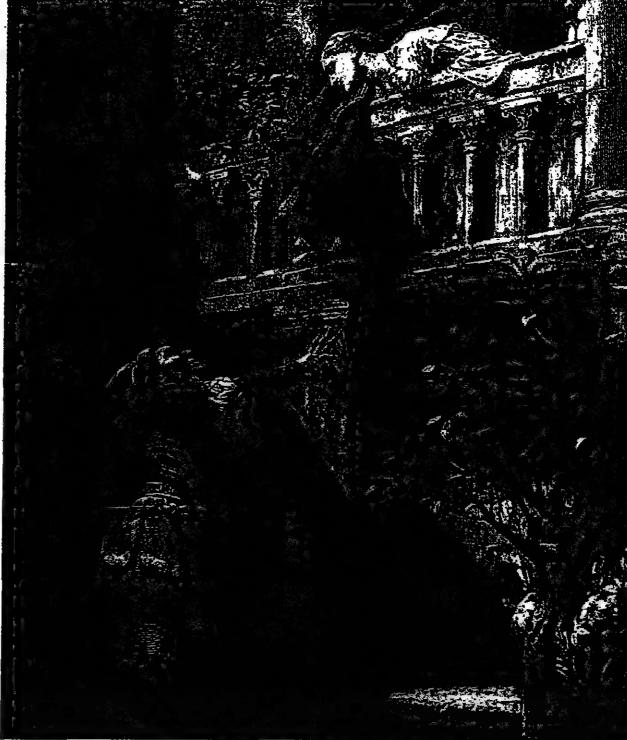
It was a hard sell, trading on a posthumous cult quickly consolidating (thought some argue that if Shakespeare died in 1616, he should have been trumpeted immediately). Ben Jonson added his dedicatory pitch on behalf of a one-time rival and companion - "Shine forth, thou Starre of Poets" - whose prolific capacity fol-lowed in the 35 comedies, histories and tragedies "pub-lished according to the True Original Copies.

The Norton Facsimile is collation, established by Charlton Hinman on the basis of the 80-odd copies of the First Folio held at the Folger Shakespeare Library in Washington. Here is not the place to skirmish over the palaeographic technicalities of Rinman's method, nor indeed the claims made by Heminge and Condell that they were working from the author's own papers (in which "has never blotted out a line"). Let us assume that this First Folio is the basis of the Shakespearean "canon". Apart from the awe of the access to a bygone

The answer may seem peradoxical. The First Folio. shorn of all subsequent scholarly apparatus, reveals and heightens the quality of Shakespeare's poetry. This is

typeface, what do we get

from the book?



sic interpretation of 'Romeo and Juliet': Norton's First Folio facelmile leaves the text unedomed

bald text, with the bare minimum of stage directions. (If Heminge and Condell were working from prompters' copies, they must have a great many prompt-jottings). But as such, it is also the

supreme text for theatrical production. The 1623 presmble figures a list of 26 principal actors (including Shakespeare himself, and Haminge

and Condell), with the declaration that all of them took part "in all these Playes". Imagine it: from the comic simplicity of Two Gentlemen of Verona, to the stately rhetoric of *Cymbeline*, each actor must have had Shakespeare's poetry as if it were (in Adrian Noble's phrase) 'a pulse in the guts".

So it is both a reader's and

comparison with the collected works of, say, G.B. Shaw, will indicate how liberating the absence of bullying authorial instructions must be. Naturally: for in Shakespeare's case the author was also an actor. and knew that any playscript is devoid of proprietorial rights.

And so it is that this a player's book. Glancing First Folio, whilst plump

go to modern productions because of the liberties they take" line. Nowhere in the First Folio is it decreed that buskins and codpieces shall be worn. This is liberation Shakespeare: ours to glory in, and do with as we like it. reverse, for Quammen.

happened elsewhers - mas-

system decay, extinctions -

Aru. "Probably they soon

will. Meanwhile, though, there's still time. If time is

hope, there's still hope." But

Assuming that man him-

self becomes extinct, says

Quammen, the sparrows,

cockroaches, rats and dande-

lions that survive us should

eventually give rise to a new

inflorescence of diverse spe-

cies. Eventually, visitors

from a distant planet may

study the evidence and won-der what happened on Earth

to cause vast losses of spe-

he offers very little of it.

with archaic charm, is at

the same time a stern

rebuke to those many pre-

tenders taking the "I don't

# Thriller rogue traders

curious party game Tokyo's financial community. The rule is simple: see if you can spot your enemies, or better still, friends, disguised in the pages of Peter Tasker's new financial thriller, Buddha

Tasker is better known to readers of this newspaper as Dresdner Kleinwort Benson's financial strategist in Tokyo and Japan's top-rated analyst for the past four years. DKB clients will be tickled to read his latest book, which very entertainingly reflects some of those who prowl Tokyo's highways and corrupt byways. It is enormous fun, as well as or so it seems - authentic Archetypes from the Bud-dha Kiss underworld include a rogue trader, a disturbingly well-connected bar hostess who does exquisite things with a soapy flannel; and a diabolical religious cult, whose leader seeks to take over Japan with the help of mind bending drugs.

**BUDDHA KISS** by Peter Tasker Orion £16.99, 394 pages

It comes with uncannily good timing, so soon after the mystical cult Aum Shinrikyo's gas attack on the Tokyo subway last year and the shaming of Deiwa Bank and Sumitomo Corporation by their own rogue traders. But then timing, presumably, is what DKB pays Tasker to be good at.

The other characters, too, are familiar. The hero, young Yorkshireman Richard Mitchell, is a former despatch rider who has come to Tokyo to make his first million as a securities analyst. His type is easily spotted in the less smart Roppongi watering holes, at least before their millions

Mitchell's Japanese bose is a rarer but still recognisable beast: the dotty Terumasa refreshingly, is not an opti-Yazawa, a rogue trader who mist. (He could be a wrongbelieves that the secret to headed pessimist, of course, investment success is to "lisbut I, for one, am thoroughly ten to the cry of the reptile within you" and who deres fed up with cock-eyed optihis young colleague to eat a For his last chapter he vissurfeit of lethally poisonous its Aru, a bard-to-reach blowfish. "Do like James group of islands off the Bond!" Yazawa orders south-west coast of New Mitchell, as he applies all Guinea, where he is taken to means fair and foul -mostly foul - to coerce the see a treeful of squawking birds of paradise.

The dire things that have reluctant junior analyst into talking up the share price of a dodgy trading company. sive habitat destruction, eco-You have to go to the really posh bars to find the Yazahave not yet happened in

> To give away much more about what brings together the trading company, the cult and the securities industry would spoil the story. Suffice it to say, it all begins with an earthquake in a Love Hotel, proceeds with the discovery of a murdered cult follower in a bath, and ends with a word of investment advice from Yazawa, gone into hiding in Canada: "What is isn't. What isn't is," he writes. Some Japanese equity analysts might agree, but not care to admit it.

> There is another, semiserious, theme. Being so familiar, the Japan in Buddha Kiss is a real reminder of the strains building up in what remains one of the world's most conformist cultures. Nothing is as it seems, reflects Mitchell as he tries to understand the colossal financial fraud into which he has been drawn. The same could be said for Japanese society.

> Anyone who liked Silent Thunder, Tasker's first thriller, published three years ago - plot: shadowy figures who run Japan behind the scenes try to take control of the world financial system will relish this one.

William Dawkins

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# Man is making dodos of us all

Michael Thompson-Noel explains the current rash of mass extinctions

o one knows what extinctions of species that have punctuated the history of life on Earth, writes David Quammen towards the end of this impressive and deeply moving book, which blends first-rate science journalism with superb travel and nature writing.

The competing explanathe past, says Quammen, range from gradual changes in climate to a "so-far-undetected Death Star that orbits mutually with our sun, exerting cosmic gravitational drag and pulling a shitstorm of killer asteroids through the vicinity of Earth every 26m years".

Mass extinctions of the first magnitude occured at five points in Earth's distant history, each caused by circumstances among which mankind, who was not on the scene, cannot be counted. But the sixth big extinction is a radically different one. It is happening

It started a few thousand years ago, says Quammen, when Neolithic humans started venturing across the eas in open boats, colonis-

jealousies and the media.

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stensibly, In The Eye Of The Storm

is a diary of the

Descrt Rats at

ing remote islands. At once, these human invaders killed off some of the endemic bird species they found, many of which were large, flightless and ecologically naive. From the time of the Neo-

lithic voyages until the pressnt, 20 per cent of the world's bird species have been pushed into extinction. In recent centuries, what Quammen calls the "range of jeopardy" has widened -from birds to animals and plants of all kinds, and from islands to continents - as man's impact has spread in direct correlation with the growth of human population, technology and hubris.

"Nowadays," writes Quammen, "It's not just a question of dodos and elephant birds and moas. Nowadays we're losing a little of everything. Within a few decades, if present trends continue, we'll be losing a lot of everything.

The present wave of extinctions has been well addressed by other writers.

quest in The Song of the Dodo is the phenomenon known as ecosystem decay the unravelling of ecosystems - and what is called island biogeography: the study of species distribution

on islands, big and small.

They may be offshore islands, or oceanic islands far removed from land, or the island-sized fragments of continental land masses into which man and his outrageous activities and excess - above, all, unsustainable breeding - are fast splintering our world.

Many of the world's gaudi-

est life forms (animal and plant) exist on islands. There are giants, dwarfs, crossover artists and nonconformists. says Quammen. Because of their limited size and isolation, islands make patterns of evolution – and extinction - stand out starkly. "The evolution of strange species on islands is a process that, once illuminated, casts light into pieces."

Quammen's travels take so-called komodo dragon actually a giant monitor liz-ard - that lives on Komodo, Flores and a few other tiny

THE SONG OF THE DODO by David Quammen Hutchinson £20, 702 pages

islands of central Indonesia. Originally, it is thought, komodos preyed on two specles of miniature elephant. Now they live chiefly on deer and wild boar, although some, ironically - about 3,600 are thought to survive - are fed on sacrificial goat to entertain tourists.

time to save the Tasmanian tiger, or thylacine - in real-

world that has been backed marsupial predator. Its population was never large, but it was doomed from the him far and wide, to moment it learned to kill the Komodo, for example, to colonists' sheep. Bounty investigate the status of the hunting of the thylacine started in 1830.

In July 1936, two months before the last known individual died, Tasmania's state government declared Thylacinus cynocephalus a pro-tected species. There were reports of sightings until well into the 1980s. Like so much of this book, Quammen's description of his trip into the Tasmanian bush to look for the thylacine is beautifully written and wrenchingly sad. Perhaps a small number of thylacines survived into the 1950s or 1960s. But, almost certainly, they are now gone for

Quammen also visits Mau-It is a pity that modern ritius, where the last credieco-tourism did not arrive in ble eye-witness account of living dodos dates from 1662. The power of Quammen's

In contrast, Quammen's extinction of species in a nocturnal and prognathous way he invites us to imagine Imagine her, says Quam-

men, as a 30- or 35-year-old female, bulky, befuddled and going blind. Perhaps she had escaped the hunters for several years by sheltering in a gorge. Her last hatchling had been eaten by a feral pig. Her last fertile egg had been eaten by a monkey. Her mate was dead, of course, clubbed by a Dutch sailor. "in the dark of an early morning in 1667, say, during

a rainstorm, she took cover beneath a cold stone ledge at the base of one of the Black River cliffs. She drew her head down against her body, fluffed her feathers for warmth, squinted in patient misery. She waited. She didn't know it, nor did anyone else, but she was the only dodo on Earth. When the storm passed, she never opened her eyes." That is extinction

There is nothing speciously upbeat about The writing is epitomised by the Song of the Dodo. Quite the

cies at six points in time. Perhaps they will find an answer. Or perhaps, like us.

going to be killed in a war? It may have been little more polishing old grudges.

is spent in the black arts of politics and the media. Many officers, unskilled in these dark secrets, tend to regard the media as a bolt-on nuisance, which they can deal with when they have finished their "real" job. In fact, maintaining public support is vital to any western officer who wants to achieve

Shaping public opinion. Successful soldiers, and for that matter the leaders of large businesses, learn that lesson and use it to their advantage. There was an example close by: General "Stormin" Norman Schwarzkopf's theatrical performances at Gulf war press conferences helped maintain support for the campaign in the US. Brigadier Cordingley would have been better employed spending the last five years learning from the general's example instead of

#### The press put in the line of fire whether "commanders can the occasion more or less for the most part had to pro- are still smarting. But what living in hotels while the solnow be ruthless enough, in a perfectly." John Keegan, the vide specialist analysis of can an army general serihighly-respected defence edithe crisis from London, were ously expect if he stands up television age, to pursue the enemy to the limit." tor of the Daily Telegraph, flown to the desert to meet at a press conference and All of these irritations

war in the Gulf; in fact a diers were in tents; at a good proportion of the book Saudi Admiral, whom Coris a tale of one soldier's dingley counts as a friend. struggle with his bosses, his but whose office is a little too phish to be tasteful; at Brigadier Cordingley, as the Ministry of Defence, he was at the time of the which won't agree to his Gulf War in 1991, is accordplans and wants the Desert ing to those who have Rats reassigned to another worked with him, a thorpart of the front line. oughly good egg. However, Most of all, his sarcasm is

the picture which emerges in roused by "our friends in the his book is of someone strugmedia," who Cordingley gling to keep his irritations thinks hung around too much, trivialised the issues under control. In The Eye Of The Storm is peppered with snide side- and got in the way of military men doing their job. swipes: at the Royal Air Force, whose armen were The brigadier muses over

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it is Cordingley's inability to restrain his bitterness which seems to trivialise the threat which his men faced. And there is a bigger problem with Cordingley's complaints about the media: a

may be excused as the con-

temporary account of a com-mander's feelings. Yet over

five years after the end of

the Gulf war, the complaints

look niggling and misplaced:

review of the articles published at the time does not support the idea that the press was trying to generate emotional scare stories. Indeed, if anything the broadsheet newspapers were excessively gushing in their support for the brigadier and his Desert Rats.

On the eve of the battle for instance, The Times reported Cordingley's speech outsider he had carried off Defence correspondents, who and which, equally clearly, media are powerful forces in

said of the Desert Rats, "the military resolve of the troops is total. If I were Saddam I would leave Kuwait today."

IN THE EYE OF THE STORM: COMMANDING THE DESERT RATS IN THE **GULF WAR** by Major General

**Patrick Cordingley** 

Hodder & Stoughton £18.99, 288 pages There is much more in a similar vein; enough in fact to make an MoD press officer swoon with ecstasy. There is little sign of the

morale-sapping copy which

the brigadier claims dragged

him down. Even in the incident which clearly caused the most difficulty, Cordingley can have little room for complaint. evidently struck Cordingley, a military objective, and the

the brigadier during the says that a lot of people are build-up to war. The reporters who were there, such as David Fairball of The Guardian and Peter Almond of the Telegraph are thoughtful and experienced defence writers, a far cry from the baying press pack which Cordingley implies he faced. In response to questions the brigadier said that with two such large armies facing

each other, there were bound to be high casualties, but that he hoped most would fall on the Iraqi side. The reports which appeared the next day were prominent, but were not sensationalist and accurately reflected what the brigadier admits he said. The roof fell in because Tom King, then defence secretary, started issuing thunderbolts from the MoD about the reports, some of which

than a bald statement of the truth, but it was breathtakingly naive. In his attitude to the press Patrick Cordingley differs little from many other brigadiers and colonels. Officers at that level stand at a watershed in their careers: up to that point their focus has been on becoming successful soldiers, beyond that

more and more of their time

Bernard Gray

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He would be wrong Marks was a Welsh boy who made it to Oxford in time for the jails. dramas of the mid-1960s. He discovered the pleasures of cannabis, and then he realised that there was big money to be made out of "supplying a badly needed service". He explains, with a four naiveté unworthy of Balliol, that he "couldn't begin to condone the punishing of those who wished to smoke marijuana and, therefore, could not logically condone the

be proud of him.

#### Balliol boy who went to the bad J.D.F. Jones has little time for an arrogant, greedy dope smuggler

illegality of the hashish trade...". So he became a very successful smuggler, and made, and spent, a great deal of money. Eventually, many years later, he was nailed down by the US Drug Enforcement Administration and spent seven years in American

Mr Nice is his own story of those years of high-living and round-the-world adventure and misdemeanour, starting with a connection with crooked Pakistani diplomats, continuing with a long and profitable link with renegade IRA elements and including a very brief flirtation with MI6 which was later to make Marks a popular figure in

on the run, without any great anguish, and after a prison spell in the early 1980s, the focus switches to the Far East. There are three particular villains in Marks's account: Special Agent Craig Lovato of the DEA, who did his job, Lord Moyniban, the (late) renegade peer, who shopped him, and his colleague and brother-in-law Patrick, who filled in

the details for the police. Marks admits it all, without any apparent shred of remorse. and tells the story of these years in extreme detail. Nothing is left out, it seems, from the sexual experiments of childhood to the bewildering flight schedules of

the tabloid press. After six years the Near and Far Rest in the 1970a. Presumably he has re-invented much of this, not least the dialogue of encounters 25 years old: unless be enjoys total recall, which after a lifetime of daily

> MR NICE by Howard Marks Secker & Warbiarg £16.99, 466 pages

giving us a version recollected in Spanish tranquillity - and it is noteworthy that the detail falters only in the years in an appalling US jail, an experience which, for once, Marks does not wish to

this we are to believe. There is a "We weren't the Mafia. We wergreat deal of indiscreet namedropping which the lawyers must have allowed - the Goldsmith brothers, Christopher Hill, Lyali. Watson, the O'Hanlons, and the trendy AnnaBelinda dress shop in Oxford, funded with drugs money. How much of this is accurate? The description of his Oxford contemporaries Chris Patten (Hong Kong) and "Rick" now well and truly mine. I loved Lambert (our sainted editor) as it." (At this point his wife is in jail and cracking up, and his betrays that much of this is fan-

The more serious point is that Marks appears happily oblivious

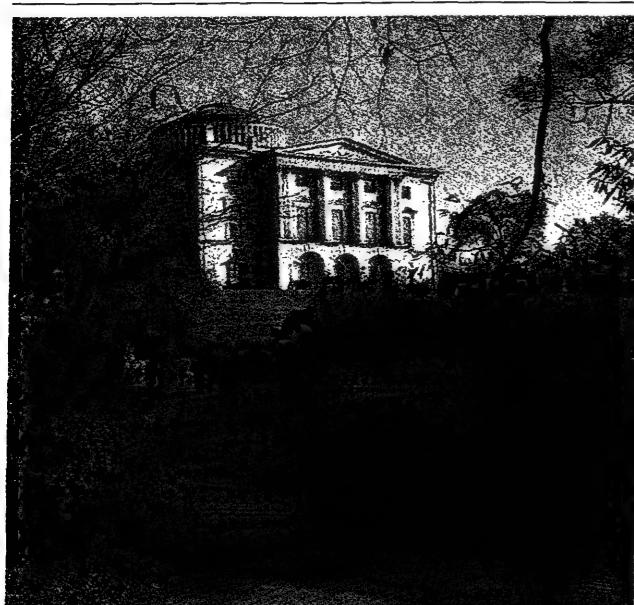
Heaven knows how much of raised by his amuggling career. en't the IRA. We weren't even Robin Hood and his Merry Men. We were just a bunch of easygoing guys who took the easy way out when the rest of the world want mad and ruthless . . . Simple, isn't it! Very rarely. a truer motivation appears. "The

fame I'd longed for ever since I was a Weish swot in school was now well and truly mine. I loved parents have sold their retirement home to pay for his

But there is an even simpler of the deeper issues which are motivation, and the American me like an absolute shit.

prosecuting attorney spotted it:
"He has completely self-destructed and was probably motivated by his greed ... To which the judge added, in sentencing Marks to 25 years, "You have been quite willing to ignore, or studiously violate, the laws of many countries. You have demonstrated that you have little respect for the laws of society as expressed by criminal laws which do not conform to what you believe to be acceptable conduct." There it is: Howard Marks

was greedy. Even simpler. Mr Nice confirms that Marks must have traded on a gift of extraordinary charm, and remains proud of it. The publisher's quote on the jacket gives the game away: "You'll like him!". Will we? Why should we? As another Balliol Weishman, (though a non-inhaler), I invoke the right to say that he sounds to



The Palece and the Centaur Bridge at Pavicek, one of the Imperial summer residences built by Charles Cameron for Catherine the Great

# The theme parks of Tsarist Russia

Colin Amery admires the work of the Scottish architect summoned by Catherine the Great to St Petersburg

Empress of all Russias. Catherine the dable energy and taste. Her love of besuty extended to each of her hand-nicked male favourites as well as to her palaces and possessions. Her tough and imperious character enabled her to disnose of her husband, assume his throne and create her own world in and around St Petersburg.

It is at Tearkoye Selo and Paviovak, the Imperial summer residences, that the Empress used the services of Charles Cameron - a Scottish architect and scholar of antiquity who from 1779 became one of the court architects of Russia.

There has long been a need for a book to tell the extraordinary story of Charles Cameron (1745-1812), the son of a Scottish builder and carpenter based in Lon-don. He had worked with the architect Isaac Ware, although he had built nothing in England to his own design. But in 1768 Cameron and draw the baths and ancient ruins, and the publication of his archeological

earches in 1772 became a Rome to be mat by the in Russia. Shvidkovsky it book of neo-classical Empress in rooms lined with writes well of Cameron's text book of neo-classical omament and design.

There was great interest at the court of Catherine the Great in the cultural life of England and her spies had heard of the young Scot's activities in Rome. The royal summons to Cameron came because the Empress wanted to build for herself a Roman world at Tsarkoye Selo (she even threatened to put her courtiers in Roman dress). It is hard for us to see the

world as the 18th-century mind saw it. We travel on jets, look at rain forests and jungles on television and see the treasures of the earth in great exhibitions. Travellers in the 18th century were few and the word and the image was spread slowly by book, letter and print.

Artists tried to capture exotic subjects, but only a monarch as rich as Catherine the Great could afford to bring the wonders of the world to her own realms. highly civilised theme parks, and any visitor entering Tsarkoye Selo ("Tsar's Vilthrough Egyptian gates, circled a Chinese village and progressed through ancient silver or agate and sprinkled with precious stones.

Dimitri Shvidkovsky

writes evocatively about Catherine's world, but as an architectural historian he is naturally interested in the THE EMPRESS AND THE ARCHITECT: BRITISH

ARCHITECTURE AND

GARDENS AT THE COURT OF CATHERINE THE GREAT by Dimitri Shvidkovsky

Yale University Press £29.95,

sources and influences upon Cameron. From the fine range of illustrations from Russian archives Cameron was clearly ahead of the neoclassical game.

With Catherine's resources, he had opportunities denied to the Adam brothers and his other contemporaries who were con-. also had teams of English. Scottish and Italian assistants, living in little colonies

daily life in his wing of the orangery at Tsarkoye Selo. Cameron married the daughter of Joseph Bush - a cockney nurseryman who had come to Russia from Hackney and taken on the responsibility for designing Cather-

ine's gardens. I wanted to know more about the close relationships which all the exiles had with the Empress. I suspect not much is known, so inevitably this book has much speculative stylistic analysis. The chapters on Orientalism in Russia and Russian neo-Gothic have their longueurs. but the weight of architectural scholarship' is gloriously redeemed by the illus-

Cameron was a genius, the Empress was a visionary and together they made some of the most beautiful places in the world. To walk today on Cameron's colonnade at Tsarkoye Selo is still a powerful and enchanting experience. Enriched by this book the reader is left wanting to know much more about these sumptuous palaces. For that we need Catherine

tain pen in hand, surrounded by books. The very essence of the distinguished man of letters at work? Partly. He is certainly both distinguished and working, but when we met at his publisher's office last week the neatly studious Malouf was surrounded by 500 copies of the same book; his latest novel. The Conversations at Curiou Creek. As he worked his way through the huge piles I asked whether he enjoyed the glitzy world of modern book promotion. "No", he unsmilingly replied, citing another 300 he had to sign four days

does it all the same. This reluctant professionalism is curiously refreshing. While Malouf is quietly co-operative, there is an underlying no-nonsense rigour to his demeanour which makes it clear that the books come first and talking about them comes a distant

later when he returned to

his native Australia, but he

" ntellectuals tend to look with a jaundiced eye upon brave new worlds that promise or promote moral redemption. New novels by Ackroyd and Ballard, both wicked post-modernists, both writing of new communities, provide dystopian visions of self-protective societies, utopias soured by introversion and self-in-

Ackroyd's Milton is something of a Gulliver, washed up on the coast of New England in the mid-17th century and taking shelter among pioneer Puritans staking out the physical and moral landscape for themselves. Taking Milton's social writings - tracts, polemics - at face value, much as one might adopt Plato's Republic as a handbook for the rules and laws of a social paradise, Ackroyd enjoys himself thoroughly. Milton becomes the dictator of a small settlement that calls itself New Milton, and almost immediately comes into conflict - religious, moral, intellectual, physical with a colony of Virginian Catholics who settle nearby

and who attempt to live har-

moniously with local Indian

Fictional trips through Australia, America and Ireland

# A night in the outback

Nicholas Wroe talks to David Malouf about his latest work

fourth or fifth. And why last things, could have it. By the end, Malouf's prenot? Now in his sixties he is regularly honoured as a writer of international stature. His books not only speak for themselves, they shout, and in May he picked up the world's largest literthe £100,000 IMPAC Award, for his novel Remembering

Like Remembering Babyion (which amongst all the praise also sustained a memorably ferocious attack from fellow Australian Germaine Greer live on BBC television) The Conversations at Curlow Creek is set in the 19th-century Australian outback. Malouf's original idea for, "two men in a hut at the end of nowhere, in some between the two men and unspecified time, talking of the book is the stronger for

worked as a play", he explains, "but fiction demands what Nabokov calls 'lovely irrelevant detail', and so you have to have a particular place at a particular time.

"There's something in all my books relating to the accidental nature of what happens to people", says always an alternative fate. a ghost fate, which remains there even after it has been rejected." "Another road" as Frost would say, "not taken". These other roads are never entirely closed off low Creek. There is no definitive statement of the bond

cise, pared down prose would make anything less than ambiguity appear crudely incredible.

Also a poet and librettist, Majouf is absorbed by the way the "discipline of language shapes what is actually said. It leads to daring and surprising discoverles' he says. Aithough himself of Lebanese and Sephardic Jewish extraction, he contends that it is this linguistic. rather than class or racial, influence that most heavily shapes the culture. "At the last we all come home to our various forms of English. It's not a popular

thing to say in Australia. but when people ask me who is the greatest Australian writer, I say Shake-

embarrassment about that because a quarter of our population were born outside of that culture. But the one thing that holds the nation together is the language. They are going to have to inherit the language if they want to inherit the culture and if we don't give that fully to people as quickly as possible, we are depriving them of power in

Malouf now inhabits a similar position in Australian writing as that previously held by Patrick White. The addition of The Conversations at Curlow Creek. & nderful novel, even better than Remembering Babylon, makes for a formidably impressive body of work. He



David Majout: I think there is always an alternative fate'

of New South Wales in 1827 as his setting. Carney, a captured bushranger, spends the night before his execution in the gloomy hut with his fellow Irishman Adair, the officer charged with overseeing the hanging. "It was a time when everything was in flux and the country cal Irish would create some hadn't really come into existing of rising. The irony is

has chosen the high plains tence", explains Malouf. "It was the beginning of the bushrangers, troopers and dissident Irish, things that are now very much part of Australian mythology. The country at that time was obsessed with the danger the Irish represented and was terrified that the political Irish would create some

bushrangers and potential rebels were Irish, so mostly were the police force". There is something of a

the Great's diary.

recent trend in Australian writing - Thomas Keneally amongst others has set a work in the same period to create a fictional Australian history, "to get below the facts of what happened". says Malouf. But while his last two novels have used Australian history and landscape, they essentially deal with material too ambiguous and universal to be pinned down to national

The Conversations at Curlew Creek loops back to Ireland where events and personalities from Adair's childhood increasingly inform his relationship with Carney. As the two men probe, ultimately inconclusively, the mechanisms that brought them to this cold hut, and why one of them is to die and one of them is to kill, the happenstance of their lives is marshalled into meaning.

#### Brave new utopias lost

seauesque natural grace. Mistaking native Indian Houhynyms for Yahoos, Catholic libertarians for libertines, and generally inverting the natural world into a godless society, Milton - in his actual and metaphysical blindness - inevitably recreates precisely the conditions of the Puritan and Catholic England he has fled, Milton himself, in his greatness and gullibility, is re-invented by Ackroyd as a tremendous,

religious morality, sympathetic at first, becomes monstrously farcical. Moral redemption offered to Milton when he breaks a leg, finds himself isolated from his own people, is succoured by a tribe of Indians and experiences a form of hallucinatory, druginduced vision of Paradise. tribes which are here pres- Miraculously, he recovers British mostly, who have

humourless comic character.

His sober-sided, dour, prig-

gish despair, his rigorous

ented as intrinsically virtuous, living in a state of Rous-when he rejects his paradi when he rejects his paradisal vision. Paradise lost, he returns to the moral, religious fray he has incited. Back to the future, J.G. Ballard's Cocaine Nights is a

> by Peter Ackroyd Sinclair-Stevenson £15.99, 277 pages

MILTON IN AMERICA

**COCAINE NIGHTS** by J.G. Ballard Flamingo £16.99, 329 pages

disturbing, somewhat alarmist warning against the spread of self-contained, self-sufficient enclaves constructed by the rich as redoubts against the rest of humanity. The Club Nautico, in the Spanish resort of Estrella de Mar, is a luxury residential development near Marbella This is Stenfordon-Sea, an idvllic community of European expatriates.

for their lives from the bleak, terrifying realities of life beyond Ivory Towers. A mysterious house fire kills five people, and the manager of the Club Nautico, Frank Prentice, is arrested for murder. His globe-trotting brother Charles, a travel journalist, rushes to the scene, convinced of his brother's innocence - although Frank resolutely proclaims guilt. The novel is reminiscent

of White Mischief - a gilded. leisured society whose secret world of sex, drugs, drink and moral degeneracy is exposed by an act of violence. The orchestrator of this utopia is an amoral young Englishman, who charms and draws Charles into Frank's world, frankly exposing its white, sunlit, seductive horror. Guilt, Charles discovers for himself, is not a simple matter. There is a conventional Dick Francis thriller quality to the first half of Ballard's novel, after which it takes on an Arthur C. Clarke flayour of apocalyptic social

implesion. Both aspects are

ight at the heart of Seamus Deane's taken their money and run extraordinary first novel, Reading in the Dark, is a chapter that the buried loyalties and the raw, seething grievances of Ireland's fractured Northern province.

In a futile effort to uproot the family curse - the hereditary mark of the IRA informer - Deane's young protagonist desecrates his father's rosebed, hacking away at the bushes with an pick axe. In retaliation, the father concretes over the garden, hoping to smother the past. But history cannot be so easily silenced. "Walking on that concreted patch where the bushes had been," says Deane's boy-narrator, was like walking on hot ground below which voices As the Troubles begin to and roses were burning. burning."

Reading in the Dark is, essentially, the chronicle of a post-war Derry childhood, told within a time-frame closely mirroring the author's own. Short, staccain chapters dance between formative adolescent events and gems of local lore: a priest's cautionary tale of a

#### A touch of the Irish

dumb after an amorous encounter with a satanic for. As with the best of Deane's poetry, such personal, anecdotal details bloom ferociously into cold, brutal politics. The contrite murderer turns out to be the protagonist's grandfather, an IRA officer who ordered the execution of the boy's "informer" uncle. And the mute, now enshrined in apocryphal local superstition, is revealed to be the uncle's executioner, unable to speak again after his deed. flare up again in 1968, we find the protagonist's aged mother, speechless after a stroke, preparing to take her

betrayals to the grave. Reading in the Dark is as stubbornly meandering and unabashedly evocative as any first novel by an eminent poet should be. The language is radiant and musical. The characters are Iain Finlayson penitent murderer, the story beautifully crafted vessels

storing reservoirs of pain. But it is the sheer, exhibitating force of Deane's storytelling - a rare quality in the poet turned novelist - that ultimately gives the book its inexorable power. Emblazoned on the cover

READING IN THE DARK by Seamus Deane Cape £13.99, 233 pages

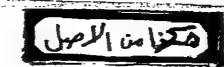
**EUREKA STREET** by Robert McLiam Wilson Secker & Warburg £15.99. 396 pages

of Eureka Street, Robert McLiam Wilson's new work, is a brash sub-title proclaiming it: "a novel of Ireland like no other." But what might seem like an unforgivable conceit is actually a climbdown from Wilson's earlier claims that it would be "the Belfast Ulysses."

Under the weight of suck; expectations, Eureka Street can only be deemed a resounding failure. Which is a pity, because it is quite an accomplished piece of work. A relatively plot-free affair. it follows the fortunes of an assorted group of young Belfast lads: the Catholic hardman Jake who has a preternatural talent for scuttling his own romances; the arriviste Chuckie, a Protestant working-class boy on the make; Roche, a lippy street urchin; and innumerable others. Many of the novel's set pieces are uproariously funny, particularly Chuckie's sex-toy scam in which refund cheques are stamped with the legend "Giant Dildo Refund" in the hope that recipients will be too embar-

rassed to cash them. Ultimately though, Eureku Street amounts to no more than a diverting comed closer to a Belfast Beryf Bainbridge than to Joyce. If Wilson would just abandon his wilful use of off-key metaphor and stop believing he is a genius, he might be considered, to adapt one of his own coinages, an unbad nov-

John O'Mahony



#### ARTS

re these two people conversing, or are they locked into twin soliloquies? That people can talk to each other without communicating is part of what the theatre of Harold Pinter has long expressed.

Among contemporary artists in any genre, only the choreographer Merce Cunningham has this same marvellous skill: to show two people in co-existence, sometimes responding to each other, often resisting each other's approaches, and each actually so independent of the other that at several points they ignore each other. Watching and listening, we feel the inalienable privacy of the one whose space is being invaded, or whose liberty is being threatened, or whose past is being investigated and, at the same time, we feel the ioneliness (and the need) of the one who threatens, or approaches, or

In Ashes to Ashes, Pinter's latest play, he carries this ambiguity to virtuoso heights. I write, both confused and excited, in the two hours that follow its world premiere, given by the Royal Court, as it commences its new residence at the Ambassadors Theatre.

Although the play has been pubhished (by Faber) and although no contemporary dramatist is more rewarding to read than Pinter, it is best to encounter this play for the first time in the theatre, and to feel the unique concentration with which Pinter handles language, and silence, and people, and the space between them.

It is witty, polgnant, and mysterious, all to a very high degree. On first acquaintance, its female role seems among the most remarkable he has ever written; it seems to be his finest work for at least 14 years; and it contains a high number of masterstrokes.

Man and woman - Devlin and Rebecca - in a single scene unbroken save by pauses, talk; and that is all. Pinter has made this miniature on what Jane Austen called her "two inches of ivory"; and at times the domestic tensions between his couple are as deadly as if scripted by Ivy Compton-Burnett.

Less than an hour long, Askes to Ashes has more drama every five minutes than most playwrights ever learn. I am impatient now to read it and then to revisit it in performance. Many said last year, and again earlier this year, that David Hare's latest play, Skylight, showed how a personal drama about two people can in fact be a drama about politics. That is true again, far more subtly and profoundly, of Ashes to Ashes: just how much so only becomes fully apper-ent in the last few breathtaking

TATith the Royal Shakespeare

Company's pro-duction of A Midsummer Night's Dream



### Art of non-communication

Alastair Macaulay witnesses Pinter ambiguity carried to virtuoso heights

saying in this play; and that is ineffable meaning.
right. But it may be more impor
If there is one bolt more breathtant to say that not understanding Pinter is a very great pleasure. To feel the elusiveness of his meaning is, in fact, to come very close to its essence. People, he keeps saying, are inexplicable. And the poetic beauty of his art lies, of course, in the way he says this, and shows it. In Ashes to Ashes, what is more, Pinter is his own director (directing a premiere of his for the first time); and, in the performances of Lindsay Duncan and Stephen Res, each angle of a brow, each best of

taking than any other, it occurs, I would say, just over halfway through. It is mainly Devlin who interrogates, and Rebecca who -keeps eluding him. (When, once, he grasps her physically, it becomes especially clear how fully she eludes him in spirit.) Often she resists him by talling him of the past - of her past, which he does not share. Her memory of an unnamed man is an especially

with his work, of what Pinter is two actors, seems charged with astoundingly, her memory arrives saving in this play; and that is ineffable meaning. man I had given my heart to, the man I knew was the man for me the moment we met, my most precious companion, I watched him walk down the platform and tear all the babies from the arms of their screaming mothers." This is one thunderbolt, and it is followed by a silence; but more breathtaking - like a slap in the face to her - is Devlin's next question: "Did you see Kim and the kids?" Is he flatly refusing to listen to her revelation. nt in the last few breathtaking Lindsay Duncan and Stephen Res. strong threat.

and switching to quotidism banalibefore.

and switching to quotidism banalibefore.

Much will be said, as always an eyelid, every foot between the reveal herself; and suddenly, fact her unspoken thoughts, and At the Ambassadors Theatre, WC2

has Pinter "cut" straight to Devlin's next question as if using collage technique? In this play, the interior and exterior are very remarkably spliced together.

At several moments, Ashes to Ashes enters terrain that earlier Pinter plays have crossed. Now it resembles the political interrogation of One for the Road, now the jealous insecurities of Old Times, now the parallel but sundered male-female talk of Landscape. And each time it swerves and takes us where he has never taken us

# Sophocles – in style

stage a Greek tragedy treatment is virtually impossible, because of among other reasons - the several choral odes in each play. Style, therefore, must be evident, and must be carefully determined; but what style?

Peter Hall's National Theatre staging of Sophocles's two extant Oedipus plays new in late August in Epidaurus, and reviewed by David Murray then - is among the best large-theatre accounts of Greek drama that I have seen, but it is also the most style-laden. Style comes in several layers. Masks are worn by all the players. Even when one actor is addressing another, their heads and bodies remain facing the front. The choral players employ small amounts of gesture, dance, song, and tableaux although the main choral odes are delivered chiefly in speech. Not only is Ranjit Bolt's English translation in rhyming couplets - though the choral odes are more varied rhyme – but Hall has also encouraged his actors to end-stop their lines very emphatically. The actors vocal style, though often quiet, is marked, in most cases, by emphatic vibrato, and by other quasi-musical cantiliana devices. Some of this is maddening,

and some of it is excellent. But, be it noted, its emphasis is either pre-classical or postmodern. The language of Sophocles, however, is composed with much the same kind of classicism that we admire in the Parthenon, in Praxiteles, and indeed in Epidaurus. Bolt's free-andeasy translation maintains a very peculiar tension with the exaggeratedly formal style of verse-speaking that Peter Hall has given his cast. Style, style, style. Here it is so much in the way that several times in either play my concentration breaks. Hall employs several of our

n what style do you Howard, but also Suzanne Bertish (Jocasta) and Jeffrey Kissoon (second Messenger), who all chant and gesture their way through their idea of the grand manner with lavish technique and calculation. Howard, however, so full of intelligent insight, keeps drawing attention back to him. In Oedipus the King he is finally moving when, blinded, he greets his little daughters as his sisters; and frequently throughout Oedipus at Colonus he captures the right note of mystical enlightenment alternating with severity. Greg Hicks, though applying too many effects to his account of Tiresias, plays Polynices with telling austerity, and Tanya Moodie's simple account of Antigone has unmistakeable sincerity.

succeed - Oedipus

the King in the last resort, Oedipus at Colorus from the first. The two plays, though written decades apart, make a marvellous diptych. In the former, Oedipus falls from ignorant pride into horrified knowledge; in the latter, be ascends from pathos to wisdom, from vulnerability to inflexibility. Although Judith Weir's musical conception is inconsistent, leaving choral odes to be spoken but adding underswells to some of the dialogue and speeches, it lends a beautiful radiance to the Colonus play, with female voices floating on the air. (Sometimes they sound like Rhinemaidens in the Auvergne; sometimes they sound like Britten, in post-gamelan phase, writing Lakmė.) Dionysis Fotopoulos's masks - ancient and modern at the same time, placing a box-like resonance around each actor's voice and costumes work very beautifully, at once deleting and intensify the individuality of each player.

most elaborately artificial At the Olivier Theatre. actors - not only Alan South Bank, SE1.

#### Opera/Andrew Clark The 'Dream' as panto

already installed at the Barbican, the revival of Britten's Dream at English National Opera makes for the kind of happy double one would normally expect only at a festival. Although it was written for the confines of the Jubilee Hall at Aldeburgh, the music seems perfectly at home in the Coliseum: all those distinctive glissandi waft up to the rafters in the same luminous, haunting way as The Turn of the Screw did in the same theatre. It is a credit to Steuart Bedford's precise and idiomatic conducting, and the quality of the ENO orchestra, that Britten's instrumental effects come

This is the first revival of a production ENO imported in May 1995 from the Aix festival, and its provenance is written unmistakeably on each scene. The Canadian

ince that early sib-

Cain and Abel, since the troubles that dogged Maison Atreus, fam-

ily life has provided such

libman behaviour that it

comes as no surprise to find

family values earnestly

advocated by politicians, a

grasp of reality.

astly examples of barbaric

ling rivalry between

director Robert Carsen, and ambiguity of the music, that his designer Michael Levins, tailored their approach to a French summer audience. The result is a divertissement - all clean lines, bright colours and jokey repartee. This is the panto approach: the magic and maze of human relationships are pushed aside in favour of toy

emotions and international

chic. There are no undertones, all is on the surface. It depends how you like your *Dream*. If you want to see lovers acting (and dressed) like debutants, and mechanicals deprived of their primitive innocence, this could be the Dream for you. If you want a Dream

makes a not to Eros and the sinister world of spirits, then you will, like me, be disappointed. Here is a classic, crazy case of a company buying in a trendy production when it could have served the opera better (and proba-

bly as cheaply) on its own. The fact that the performance is still worth catching is entirely due to Britten's extraordinary genius. Despite the college humour and cheap heterosexual shorthand of the staging, the music's pungent timbres and rarefied lyricism still cast their spell. This is particularly true of the final scene. after the main design idea that matches the depth and a stage-wide green bedspread

symbolising nature - has been whisked away in an empty coup de thédire. This revival, directed by

Carlos Wagner, depends heavily on old Britten hands like Bedford, Lillian Watson, Roderick Kennedy and Gor-don Sandison. Watson's Tytania is as nubile as ever, and unlike several other members of the cast, her every word counts. As Bottom, Kennedy had a subdued roar (he was mildly indisposed), but still came across convincingly. Sandison's Quince, dressed like a cloth-capped union official, was subtly stched. Miltos Yerolemon is the infectiously earthy Puck. The young American counter-tenor David Daniels has Oberon in his voice but not vet in his bones: this was a tentative London debut, lacking authority and menace. The other principals, all ENO regulars, have little chance

Performances continue till October 7 (0171-632 8300).

Catholic mother

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Radio/Martin Hoyle Domestic strife

breed not notable for its rich mixture of the conniving husband's political back-Fact is stranger and more ground (historically he even barbaric than fiction where managed to take control of his Jacobite brother's families are concerned, as witness last Monday's play estates, emerging from rebelon Radio 4. Burdalane recounted the grotesque lion smelling sweeter than a pomander) and the Celtic wildness of the madwoman's tragedy of Lady Grange who, having forced her husband exile, its superstitions manipulated by villagers to marry her by holding a pistol to his head, was evenjockeying for influence, a tually shipped off to the reflection of the power strugisland fastness of St Kilda gles on more public stages where she was detained as mad, while her spouse pursued - no prizes for guessing

he brew of folksi-- a prominent career in poliness, felony and feerie was well tics.
The story is based on the faces yeasted, apart from fact. You can study the faces some grating modernisms in of those concerned in the the dialogue the howling Scottish National Portrait northern bleakness and the Gallery in Edinburgh: rea-hable 18th-century pragpoor lady's rambling turning up a sort of feminist age of mutism battles with old enlightenment Lear. The one beliefs - the family was fly in the thespian ointment involved with Jacobite upriswas the English type who ings; Scotland continued to narrated much of the action in a modern, suburban and execute witches long after the English, though not as thoroughly naff delivery.

long as the Irish who put Otherwise this made a gripping and haunting 90 their last witch to death in gripping and manning of fathers insisted on circumci- Paul Gambaccini will be the naughty nineties, a mere clownish decision has been

taken to axe the time-honoured Radio 4 drama slot on Saturday night we should cherish such good dee In case we comfortably rel-

egate domestic unkindness to the filing cabinets of history, we should remember the experiences of some of those mixed-faith spouses in When Mary Met Soily investigation was the actual (Wednesday). Happily, in attraction between Catholic many cases initial horror at the marriage between Jew and Catholic gave way to

. In some cases the in-laws never came round to the idea. Mary O'Malley, the author of Once a Catholic and Oyven Maria, wheezing and heaving with marvel-lous great chuckles, recalled her own Irish-Jewish nuptials and the separate lives she and her husband led (he went home straight after the wedding; he liked his mother's cooking). Some children's religious upbringing was differentiated according to sex; others were reared as

recounted how she carried out a DIY baptism over the kitchen sink (apparently permissible in extreme circum-stances) and felt much better on behalf of her child.

Others spoke of unconscious unkindness from inlaws lamenting the lot of mixed-marriage children. One Catholic mother, herself a headmistress, had been summoned by the outraged head of her daughter's primary school on hearing that the girl was going on to a Jewish secondary school; her priest, on the other hand, thought it a lovely idea.

Perhaps the most fascinate ing aspect in Sue Margolis' and Jew, those elements that draw them together: tradition, discipline, strong family background - oh no, not that again...

Book at Bedtime has gune

all English on us with "the nation's favourite poems", variably read. This is the poetic equivalent of These You Have Loved: you can practically recite-along John Nettles, Slobhan Redmond and some rather nerdysounding young suburbanites in need of elocution lessons. But, as with all pop-ular classics, the odd treasures are thrown up: "Adlestrop", "Ode to a Nightingale" - good God, sion and forbade baptism; introducing them next.

ittle remains of my school

question of declining mensa as

of rejecting it utterly - but I

Television/Clement Crisp

# Triumphs of unreason

remember that a sentence beginning with the word Num expected the answer "No". The perfect example today is that all too familiar question: "Is there anything on television?" On a shipwreck in 1899; something cheering on the increased cost of funerals the assumption that those involved in this exchange have an IQ greater than their age, the answer is as anticipated. A stranger to our TV schedules might be forgiven for assuming that the majority of programmes were therapy ranking no higher than finger-paint-The belief that viewers are dumbclucks seems a guiding principle with

the masterminds who plan our viewing. Daytime listings offer the triumph of unreason. Last Friday proposed a film starring a dog; a cartoonist showing "how to draw ordinary objects"; five cookery programmes; a re-hash of sporting thrills from the past (television has in-built nostalgia: it returns to its own past like a dog to its vomit); sheep-dog trials; a documentary about

(so re-assuring for the house-bound elderly who presumably watch this stuff); a discussion about house-work (ideal for house-wives who haven't had enough of it during the day); a shop-ping game (for those in need of more check-out fun); the last in a series about how "ordinary people, work and leisure are absent from early factual film-making" (a truly hypnotic subject); another instructive half-hour about drawing, sporting events; an old film or two, and our daily ration of Australian soaps (heavily populated

with teenagers on heat.)
This torrent of mediocrity sweep through our homes, damnable and three pickle-makers starting up a busi-ness; 45 minutes (count each one as a to watch, but for those who choose to bead on a rosary of tedium) devoted to do so, it is surely an intellectually and emotionally stultifying influence. If we

age, what we watch. The evenings offer a weird equation in programming, as if the fatuities of Telly Addicts (the conch-potato's Olympics) or Small Talk (children with the galloping cutes who would be better employed up chimneys), or Hyacinth Bucket and the Muppets (can you tell them spart?) may be set against the serious matters of Channel 4's admireble Nuremberg last Tuesday or the start of Conterbury Tales, Ian Hislop's persuasive series about the Anglican Church in our century, also Channel 4, on Thursday.

crimes trials, 50 years after the event, in salutary fashion. Even after half a century, the sight of those devils -Goering still bombastic; Streicher and Kaltenbrunner like things from the nether pit - still strikes to the heart.

(Their greetings to each other as they bravado and take dignity). And how salutary to be reminded that, fhanks to Cold War politics, Alfred Krupp and his fellows only had to serve two years and then had their fortunes restored to them, and that the majority of the lesser swine also escaped long-time

The start of the Cold War was also admirably studied in the new series on BBC2 of People's Century on Sunday. The producer, Angus Macqueen, has a clear eye for the relevant moment, with brazen-voiced Soviet tots praising dear old Uncle Joe Stalin, Khrushchev and Nixon in a double-act as stand-or comedians, and political trials both East (vile capitalist pawns) and West (Senator McCarthy in full bluster). Grand and terrifying stuff, and hilarions in the clip of a Middle-American

Terrifying stuff of a different kind came in BBC2's immortal Emperor on Sunday. The paranoia of the first Qin Emperor, a monster of brutality, led to the creation of a vast mausoleum built by 700,000 slaves - whence comes the army of terracotta warriors

discovered in the 1970s, and stagger-

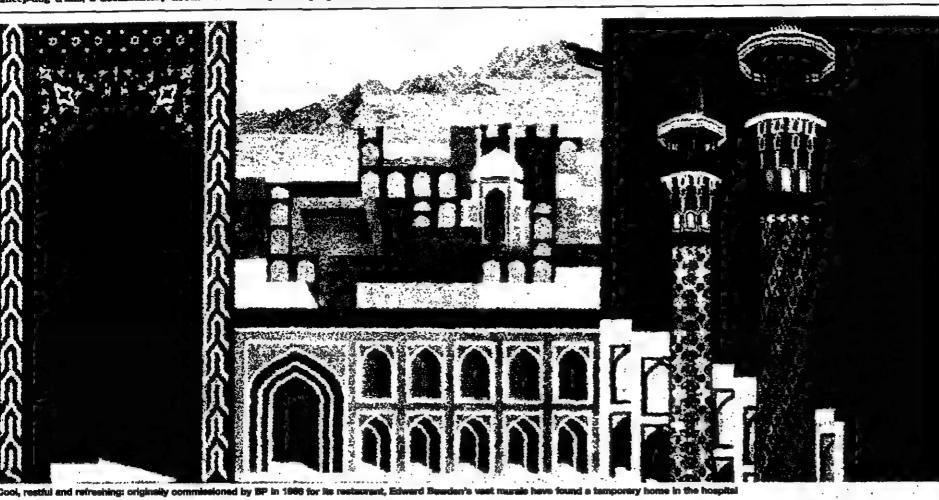
ingly beautiful bronze artefacts. Dr Tony Spawforth told the tale well; we saw ravishing scenery, a mysterious dance by a Taoist monk, a jade burial suit that might have come from Dr Who; and we learned the (I suppose) unsurprising news that the Chinese invented chromium plating in 200BC, and that breaking wind and belching was thought to reduce the life-force. ("Rating beans seriously damages your hances of immortality").

Programmes such as these

as grown-ups. It is carious that they are all historical: today's art, drama, music, literature, fare less well though all praise to the BBC for the Proms transmissions and for the Leeds Piano Competition coverage. A prize for the most bizarre and what-foolsthese-mortals-be subject must go to Channel 4's Paradise Island, part of the Cutting Edge series on Monday. The idea of 400 families taking off to make a "safe" and daintily exclusive community on a Caribbean island under the leadership of someone whose past was murkler than he cared to let on is the material of a fine satiric novel

The lambent impracticulities of the enterprise, the abundance of drones -all armed with £150,000 - but precious few workers, and the eventual revela-tions about the leader (shop-lifting and an ex-wife to blow of gaff) and about the idyllic island (a dumping ground for US army nerve-gas) were splen-didly paced by the director, Lucy Sandys-Winsch.

All this and a new and teasing Too gort on Thursday: things could be worse. They could in view of the rest of the schedules and the lumbering platitudes of Rhodes, be much better,



# Murals with a feelgood effect

William Packer admires the latest loan to the Chelsea & Westminster Hospital

wo mural panels by Edward Bawden were unveiled at the Chelsea last week. No rush. All in good time, you might feel, as you nervously stretch and flex to the latest ache or symptom. But the hospital is always worth a visit quite independent of any clinical imperative, for the sake of whatever works of art it has lately begged, borrowed or bought through its remarkable arts project, Theatre for Health - and there are concerts and performances

Not a penny comes from the NHS to pay for it, all is raised privately. These Bawden murais are a spectacular case in point. They were commissioned by BP in 1966 to decorate the restaurant of Britannic House, its then new headquarters in the City. Thirty years on, having moved to a newer home that has no room for such vast panels. rather than sell or store them, BP is lending them to the hospital.

**T**ednesday is a

red letter day

but growing

band of British art lovers.

After the summer drought of

major art shows, the 20th

to Rachel Whiteread.

Century British Art Fair

They hang high up in the farther atrium on the left as you go in, beyond Allen Jones's huge metal Acrobat and opposite the bright banners of Patrick Heron. Their imagery, naturally drawn upon BP's interests, is of the domes. arches and minarets of the Islamic tradition, with its richly insistent surface decoration, all set into the desert, "boundless and bare," that stretches far away. But the mood is neither harsh nor arid, but cool, restful and refreshing - nothing could be better suited to a restau-

rant or hospital. Bawden was one of the great masters of modern British art, but one too often under-sung and disparaged for his decorative gifts as though to make beautiful and diverting things was not a serious achievement. He had a particular eye for popular art and culture of all kinds, but especially the native British traditions, to which he brought his own sophisticated and

A smaller of his murals, though

still large enough, hangs near the hospital's main door. Made for P&O in 1949, its theme is "The English Pub", and those old name redolent of our common past and experience - The Wheatsheaf, The Rose, The White Horse and so on, that ignorant brewery executives

Bawden was too often under-sung and disparaged for his decorative

nowadays are for ever wining out. It too is on loan to the hospital. from Peter Nahum at the Leicester Galleries, in hope that money might be raised for its eventual purchase. It is an affectionate, clever, witty and altogether delightful thing. Any offers of help or interest may be made direct to the arts co-ordinator, Susan Loppert, at the hospital (0181 846 6821).

At the Tate, one of the current New Displays focuses on Karl Weschke, a painter who should hardly have had to wait until he was 70 for such recognition. Better late than never. At least the Tate has had the nous to buy him now, though when we see the fashion-able young being snapped up for the collections, we cannot but wonder, with the Mad Gardener, at the

mystery of it all. Weschke came to England as a prisoner of war and has remained in Cornwall ever since. He is an expressionist of a refined and considered sort, whose works are possessed of an ineffable melancholy, on the edge of terror. The pale nude lies corpse-like on the bed: dogs fight on the beach: a huge black cloud hangs

over all Other recent modern British acquisitions, all more or less figurative, are also currently on show They include a lovely carved maquette by Eric Gill for his "South Wind" relief at the London Underground at St. James's Park, and good paintings by Medley. Doig, Bomberg and Mackenna. Par-ticularly pleasing is the large schematic nude by Myles Murphy, that won the John Moores Prize over 20

years ago, But best of all is the portrait of his wife and son by Norman Blamey, a work of inordinate concentration and technical pains, yet rich and tender in its effect and beautifully done. But Blamey is in his 80s. Again; why wait so long?

Fantasy on Islamic Architecture by Internal Bawden: Chelson & West-minster: Hospital, 369 Fulham Road SW10; on indefinite loan from British Petroleum. New Acquisitions & Works by Karl Weschke: Tate Gallery, Millbank SWI, until November 3 & October 6 respectively; New Displays spon acred by British Petroleum.

#### Jazz/Kevin Henriques Echoes of Ellington

a 17-piece band which exists to play the compositions of Duke Ellington and his close collaborator Billy Strayborn. In no way whatsoever is it a "ghost" band, slavishly copying note for note the playing and solos of the originators. Comprising mainly musicians of the younger generation, led with engaging humour by reed man (and flautist) Pete Long, the band brings an exhiberating freshnees to familiar - and not so

familiar – Ellington works. Long himself is responsible for several of the arrangements and is constantly adding new ones to the repertoire. This was evident during the band's latest London appearance at the: 100 Club on Tuesday. Apart from a flute feature for himself on "Fife", he resurrected "Bli-Blip" from the Duke's 1941 "revu-sical" Jump for Joy, with singer Patti Revell scatting effortlessly with the full band. "Moon Mist", by Ellington's son Mercer, feetured the evocative violin playing of John Francis, who also contributed vigorously to the night's closing and inevitably climactic "C. Jam

Perhaps the most significant item was an impressive, hitherto unheard (in London at least) Billy Strayborn piece, "Pentonsilic", 12 minutes long and only recently

choes of Ellington is discovered in the Strayhorn gist. Written in 1941, its form and content were too advanced for the Ellington band at that time and Duke never recorded it. Now it is in the repertoire of Echoes of Ellington and devotees of the Duke and Strayborn

should be truly grateful. Mixed with the unexpected in this generous three-set session was much of the staple fare from the world of Ellingtonia. The evening's opener was a rumbustaious "Perdido", in which trumpeters Noel Langley and Martin Shaw took the solo honours. Andy Cuss, also on trumpet, sustained an astonishing level of high note playing on "Happy-Go-Lucky Local" which also featured Lisa Grahame on alto, like Cuss and several others in the band, a former member of the National Youth Jazz

Trombonist Bob Hunt growled gioriously in the manner of Ellington's legendary Sam Nanton on "Moon Indigo", and "Bast St." Louis Toodle-Oo". The band also played "Main Stem", the title of its first CD. Its second, recorded at Ronnie Scott's a few months ago, is on the way and should show the band in its most persuasive setting, playing in front of an enthusiastic, receptive audience which it most certainly did this week.

#### Theatre/Ian Shuttleworth Alchemy just fails to work

shows, Ken Campbell described Ben Jonson's 'Comedie" as lasting about three and a half hours, and if you work your pants off you can get nearly 20 laughs". At first, Bill Alexander's production for Birmingham Rep and the National Theatre leads one to wonder whether perhaps he was being a little uncharitable: Simon Callow, Tim Pigott-Smith and Josie Lawrence as the central trio of Cozeners are all on good form, and the giggles flow relatively freely. Alexander has set the

action vaguely in "the future" giving William Dud-ley the scope for teetering, ragged Neverwhere-style signs, and allowing us to consider the urban chaos and cod-mysticism of the play in the light of a New Age dystopia rather than plague-ridden 17th-century London

Pigott-Smith's Subtle, all hair extensions and rumples self-importance, is more of a confederate than a rival to his fellow, the master of disguise Face. Simon Callow cuts loose as the fraudsterin-chief as "Captain" Face. he sports a swagger stick tache and Terry-Thomas drawl, as alchemical stoker Lungs he shambles around, hunched, emitting a Black Country accent through buck teeth; reverting to the persona of reliable Jeremy Butler upon the sudden return of the master of the house, he simply becomes Hudson from Upstairs, Downstairs. Josie Lawrence, in particular, is made for exuberant pretences, whether as the Queen of Facry or a demure but unstable young creature - the pity is that, as Doll Common, she is afforded so few

opportunities for such play.

As the evening progress bowever, it becomes appar ent that the laughs are more often than not independent. of the play. Jonson's unremittingly savage satire, and the cataract of arcane jargon in this particular work, render it more admired in theory than in practice. It is the very devil to make a production of The Alchemist as funny as one imagines it ought to be: actors work flat out to compensate for lines which seem magnificently mordant on the page but doggedly refuse to come

We therefore revel in discreet moments rather than a sustained power either of individual performance or overall asperity. There are certainly enough such moments in Alexander's production, but squaring the circle between contemporary and Jonsonian sensibilities . remains a tantalisingly elusive prospect.

At the Birmingham Rep until September 28, then to the Olivier Theatre from . October 4.

11

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Off the wall/Antony Thorncroft

#### The fair attraction

opens its doors at the Royal College of Art for five days. Now nine years old, it has shops. Jay Jopling, who hanestablished itself as the key dles Damien Hirst, is still market place for buying missing but Karsten Schubmodern British art, with 60 ert (Whiteread's agent) is stands offering everything exhibiting again, and among the newcomers are the trendy Anthony Wilkinson from the Scottish Colourists The attraction of the fair and the not quite so trendy is that most dealers raily but very comprehensive Fine round: it enables their stock Art Society. to be viewed by 10,000 poten-Throw in exhibits from

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tial buyers as against a Leslie (and Theo) Wadding-handful a week in their ton, Agnews, Peter Nahum, Angela Flowers, Gimpel Fils, Crane Kalman and many more and you have the most representative collection of British art. For the first time there is a photographic gal-lery showing Michael Hoppen, Bill Brandt, (£2,000-£6,000); Nadav Kander, Bert Hardy and more.

Last year 750 works found new homes at the fair, and judging by the 25 prospective dealers turned away, the trade is optimistic about the level of demand. Prices are still reasonable. The £175,000 Henry Moore maquette of a seated figure on Berkeley Square's stand is exceptional: most items are priced below £5,000, although Duncan Miller is offering a Peploè "Still life with tulips" for £75,000; nine years ago it would have cost nearer £150,000.

Among the highlights are the 1996 Jerwood prize winner John Hubbard at Purdy Hicks, with works on paper from \$4,000; Caulfield, Flanagan, Heron and Yeats at Waddington Galleries: Grabam Sutherland's "Vins Pergola" (£75,000) at Agnews; Hockney's very latest prints and New York. While Spink,

priced at £3,100 and £4,700 at Wiseman originals; and "Camden Town Interior" by Sickert at Jason & Rhodes. There are also Sickerts at the FAS stand, perhaps because the little seen Sickert Collection of Islington Borough Council provides the loan exhibition.

Sixty stands

are offering everything from the Scottish Colourists to Rachel Whiteread

Meanwhile among the grand St James's art dealers Spink, the UK's oldest dealer (founded in 1666 and owned by Christie's since 1993) has acquired the Leger Galleries, 104 years old and with prestiglous Bond Street premises. Christie's has turned Spink's loss into profit and is openbest known for coins, medoriental art and jewellery, has a presence in British watercolours it has never sold British oils. Leger gives it access to this marke

The book value of Leger was a modest seeming £2.2m but the dealer's speciality, British portraits, has attracted higher demand in recent months. Spink's interest in expanding coincided nicely with the plan of Legar's chairman, David Pos-nett, to wind down. The new firm will trade as Spink-Leger. Lowell Libson of Leger takes over as director with Posnett as consultant.

While Nicholas Snowman, the chief executive of London's South Bank arts complex, devotes his energies to rejigging the SBC's lottery bid - the Arts Council, embarrassed about passing a £170m re-development plan for yet another big London client, has asked the SCB for a cheaper project priced nearer 190m - programming the South Bank for the new 1996-97 season has been left to newcomer Jody Myers, responsible for the performing arts, and Susan Brades, who has taken over as direc-

The main festival of the year is American Independents, featuring everyone from John Cage to jazzman Randy Brecker, performance artist Diamanda Galas to the Kronos Quartet, Jessye Norman to Laurie Anderson, who is directing next summer's "Meltdown" festival. In April the featured "Living Composer" is Philip Glass. Dance has taken root at the South Bank, with attendances of over 70 per cent. There is now a choreographer in residence, Catherine Seymour, and a programme includes Dance Umbrella, English National Ballet in its longest ever Christmas season, Phoenix Dance, and a new work by

tor of the Hayward Gallery.

P.J. Harvey. While the Hayward is heaving with visitors for the controversial Robert Mapplethorpe show, later exhibitions include Howard Hodgkin. Tatsuo Miyajima, and the Harlem Renaissance, African-American artists of the 1920s

Mark Bruce featuring singer

The slow growth in atter dances at the South Bank continues, with a 67.6 per cent average for the Festival Hall, up 3 per cent, and marginal gains for the other halls. The overall aim seems to be to persuade people that the South Bank caters for dance, pop music, jazz, poetry, art, etc - plus a little

مكزامن الأحيل

# ALL THAT GLITTERS: The Fall of Barings

# Hurtling towards the abyss

Though Nick Leeson lost money steadily for more than two years, almost half the £830m he threw away disappeared in the last week before the collapse. In the final extract from their new book, FT reporters John Gapper and Nicholas Denton reveal missed opportunities to prevent Leeson's reckless final fling

Baring Securities' longest-serving employee. He had joined Christopher Heath's small stockbroking operation in 1981, three years before Barings took it over. When Heath was asked to leave by Peter Baring in 1993, Kelly had become the ing him from this renewed oldest survivor.

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igton

Kelly, by now deputy head of equity broking and trading, had joined the management committee of the new investment bank run by Peter Norris, chief executive. Kelly was a plump figure, with dark slicked-back hair, who smoked French cigarettes. He had a colourful past, having been expelled from Ampleforth College for smoking marijuana. A natural share salesman, he was a raconteur with a fund of amusing anecdotes

By early 1995, Kelly was becoming increasingly concerned at what he was hearing from investment banks in Asia. During the last part of 1994, he had been told of Leeson's mysterious Customer X, who for a time appeared single-handedly to dampen Nikkei volatility. By mid-January, Kelly was worried by the huge positions Leeson was amassing on

Simex and Osaka Mary Walz, head of equity derivatives trading, had seen off inquiries from Kelly once, when he had asked about Customer X. Walz did not want to tell him. about Philippe Bonneloy, the man she thought was Customer line imprinted by his fax X. "I think it is a bad idea to machine; "From Nick & Lisa". alleviate (Barings) share salesthey should not have,"

wrote to Norris tartly. Kelly had bided his time. By about Leeson's trading were becoming stronger. As Leeson bought thousands of Nikkei index and Japanese Government Bond futures to prop up the Nikkei following the Kobe earthquake on January 17, rumours and started about whether Barings was buying for a customer,

or for itself. Meanwhile, Leeson was facing other problems. While on holiday in Ireland just before Christmas, he had been phoned by a settlements clerk in Singapore and told that there was a Y7.8bn (£50m) deficit in Account 68888. The money had been thrown away by Leeson over two years in subsidies to Barings' custom-

ers and fake trading profits. Leeson had found it easy enough to spend the money to puff up his reputation. It was harder to conceal the damage. It was no use simply shuffling money in the accounts, as he had done each month-end. These were year-end accounts that would be audited by Coopers & Lybrand in Singapore.

The solution he devised on the phone from Ireland was bizarre. He made up a non-existent trade that a customer was supposed to have carried out through Baring Futures. This customer had being 2,000 Nikkei options, and owed Baring Futures the Y7.8m in premium. This brought the balance in the five eights account back to zero in the accounts.

On Friday January 13, Leeson was called by Coopers & Lybrand, who had started to look over the Baring Futures books. They told him they could not trace the documentation for the £50m "receivable" - an accounting term for a debt owed to a company in its accounts - that Leeson had invented.

Leeson stalled for time but at a meeting with the auditors on January 27 he had to provide details. The £50m was owed to Berings by a US broker called Spear, Leeds & Kellogg, he said. It had bought the options, but still owed Barings the money.

Coopers & Lybrand sent a note through to London, containing Lesson's explanation. The reaction of Geoff Broadhurst, finance director, was exasperation. He thought that a junior accountant in singapore must have misunderstood something. "God, we've got another bumbling idiot out in Singapore," Broadhurst told one

of the auditors in London. However, he was worried by the note. He had heard nothing of a missing £50m. Broadhurst told about the incident Hawes was

London. Hawes sent an e-mail to Leeson and Simon Jones, regional operations manager in Singapore. To us here, this looks a very muddled and strange comment," Hawes wrote.

Leeson had one thing protectassault: Broadhurst and Jones were not talking to each other. Jones defended his patch passion-ately, and had been treating Broadhurst frostily since a row between them in July.

On February 2, the Coopers auditors in Singapore insisted on receiving proof of the SLK transaction. Leeson went to the Baring Futures office in Ocean Towers, and forged the proofs. He typed a note from Ron Baker, head of derivatives trading, confirming that Baker knew of an over-thecounter deal with SLK. Leeson then forged Baker's signature on the confirmation note.

He forged two letters from SLK by cutting out the signature of Richard Hogan, managing direc-tor of SLK, from another letter. Leeson gave all these proofs but one to the auditors that evening. The payment confirmation letter was supposed to come directly from SLK to the auditors. At 7.16am the next day, Leeson faxed it through from his Singa-.pore apartment.

The top of both sheets, which were supposed to have been sent from SLK in New York, bore a Leeson did not remember that men's] frustration by giving his fax machine had been set up information about our 'customer' to print this automatically. It was to print this automatically. It was been a hastily-improvised deceit. It did not matter. Shortly after early February, the rumours receiving the faxes, Coopers cleared the Baring Futures accounts in Singapore.

By Friday, various explanations had filtered through to London, creating as much confusion among senior managers as over Leeson's requests for funding. But Broadhurst calmed down when he heard that the £50m receivable had been confirmed.

To improve things further, Hawes was flying out the next day to Singapore with Tony Railton, deputy head of futures and options settlement. He was to fill in for a clerk on maternity leave, while Hawes tried to unravel the margin problems. This was becoming ever more urgent Leeson's concealed trading in the five eights account had now expanded the gap in the London balance sheet to £150m.

Leeson was now very scared, and the strain too intense to be hidden completely. He had gorged food and drink in the past year, but he could hardly hold it down. He was walking off the Simex trading floor constantly to vomit in the toilets nearby.

Hawes started his week in

already concerned over Leeson's write out questions to ask Leesonmous needs for cash from son. He faxed a list of 20 questions to Ian Hopkins, head of group risk, in London. Hopkins had just returned from holiday, having missed the previous week's debate about the £50m gap in Singapore.

> Ron Baker to look at Baker was intensely irritated. He was mittee (Alco) meeting, and walked into Norris's office, branout." Baker said.

Norris was vexed by Baker's open aggression, but there was they had to go down to the Alco meeting. Having got what ready to put the incident forthat appeared to have broken out while he had been on holiday.

On Thursday, Hawes went with Simex official told Hawes.

Leeson and Jones that Thursday. son told him that Simex had checked the figures. He was cor-rect Barings was short on Simer. The subject switched to the SLK trade. Leeson acted like a schoolboy hauled in front of the headmaster. "Twe been careless, and it won't happen again," he told Hawes, who flew back to London

Hopkins in turn sent a copy to

already exasperated by Tony Hawes, and thought this might be an effort by Hawes to pin blame on Leeson. On Wednesday, he went to America Square for the daily asset and liability comdishing Hawes's list. He had written by the side of some questions expletives about Hawes. "What I've written is so disgusting that I've had to snowpaint some of it

little time to discuss it before seemed to be confirmation of the 250m receivable, Norris was mally on record. Hopkins' face blazed with anger. He was amazed by the scale of the mess

Jones, the Singapore manager, to see a Simex official, and talk about the funding problems. She mentioned in passing that Barings was long of the Nikkei. "No we are not. We are short," said Hawes. He had swallowed Leeson's story that his long futures position on Osaka was matched a short position on Simex. "Okay, we will check that," the

Hawes' final meeting was with They met in Jones's office. Lee-

later that day. By Wednesday February 15, Railton was getting very worrled. His worst fear about Leeson's funding requests was true. The breakdown of figures between customer and house accounts was meaningless and had been made up by a settlements clerk. Railton still did not suspect Leeson of fraud. He simply thought he had been covering up back office chaos.

Leeson was hard to pin down. He was not simply trying to avoid Railton, although that was part of the reason. He was also battling desperately to keep the Nikkei above 18,000. That Wednesday, it toppled below the danger point, closing at 17,991.

cally, throwing Barings' cash inquired Kelly away. He ordered his traders into the pit to buy futures each time

the index dropped. Leeson had gone beyond restraint. Five eights now held more than 50,000 Nikkel futures and 27,000 JGB futures. The Nikkei strained to fall into a lower range. The only thing stopping it was Leeson. He was being dragged towards the edge of a precipice. On Thursday, the index dropped 210 points to

17,781. Leeson was close to falling

floor at 2.15pm, Leeson knew in

his heart there was no hope left.

At 4.30pm, he was due to meet

the bank's chief executive face-to-face. Norris had arrived in

Singapore as part of a tour

around Asia. His last meeting of

the day was with Leeson. As Lee-

son came up to the 24th floor, he

saw Leeson sweating slightly, in

an open-necked shirt. Norris did

meeting over as fast as possible.

The two talked a little about the

market, and Leeson stammered

book, and the ticks and turns he

It was largely incomprehensi-

as ever. Unknown to him, it was

his last chance to save his bank.

but he did not pause long enough

to observe what a mess the blus-

The following morning - Fri-

day February 17 - Diarmaid

Kelly heard a rumour that Bar-

ings was in trouble. It was the

second one of the week - this

time from Hong Kong. A fund

manager at Jardine Fleming had

rung its Hong Kong office to pass

on rumours that Barings was in

trouble over its futures positions

on the Simex and Osaka

exchanges, which everybody in the market was watching.

Kelly had had enough. He had

been warning fruitlessly for over

two months about the Customer

X rumours. This time, he would

get it from the horse's mouth. At

8.27am, he rang Ron Baker in

Bishopsgate. Baker was taken

aback. He suspected that any-

straight into the market.

tering young trader was in.

could give to customers.

When he came off the trading

over the edge.

gripped by nerves.

sure to rises or falls in the cash market - in other words, long and short positions were matched. "Let me come back to you with what our open contracts are," he said.

Tokyo office. I don't think they know," said Kelly. "Yeah, I mean I hear you, but I Fleming] who our customers wouldn't want it to go to a cus-

had to go into the men's toilets to be sick because he was so He need not have worried. Northe dark here, trying to cope with ris did not have any inclination to quiz him, particularly when he that we are bust."

not mention SLK. He wanted the son's switching. amassing matching an explanation of his switching positions on Simex and the Osaka exchange. "On that list. we'll come out with quite a massive exposure on Osaka ... and if ble to Norris, who was impatient you just look at that in isolation, which people would be entitled to in Japan, it would appear as if we

had an extremely large position." Kelly pointed out he had been told that Barings held 20,000 long futures for three customers. "I'm just trying to work out what our position is, because no-

one here knows. I'm not worried about the risk of it, because I'm satisfied that you all know what's going on, but I have no idea how to explain to someone what the position is," said Kelly. Baker attempted to fend him off, still worried that the information might leak to competitors. 'No. we're not giving out information. I just want to know!"

Kelly said. Baker promised to get back to him. Baker rang back half an hour later to confirm that Barings was long 20,076 futures in Osaka. "So we're long 20,076, and we're short of the same amount in Simex, is

that right?" Kelly asked. thing he told Kelly would go Baker agreed, and promised to "You couldn't just run me come round later that morning, to explain the position in more

"Er, in what respect?" Baker on the line. "Ron, sorry it's Diarmaid again, because we're under said guardedly.

"I'm just trying to work out what our positions are at the moment, either for ourselves or, on behalf of clients. You know whether most of them are matched, or if they are open posi-tions, or whatever," said Kelly.

"Well, we have no delta posi-tion ..." said Baker. By this he meant that Barings had no expo-

"Um, oksy, it's very difficult to muda hedge fund, and who are get a straight answer out of the

are," Baker insisted. "I am not going to tell JF." tomer," Baker said. Kelly moved smoothly up a Kelly said. "I don't want to tell the Hong Kong sales force," said Baker. "I am not going to tell the

gear. "No, we're not going to tell a client, Ron. We're slightly in other brokers telling the citents Hong Kong sales force," said Kelly. "I'm not sure it's correct to say

aker explained his we have three big customers," understanding of Lee- said Baker, stalling. "Ron, look, it's me talking to which relied on you," said Kelly in desperation. "Forget about the customers, for-Morgan Stanley. I'm just asking you as a member of Baring Investment Bank management committee, who the customers are that we are dealing with?"

pressure certainly in Hong Kong,

to have something to say to peo-

ple before Jardine Fleming sort

of stop dealing with us. Appar-

ently, it's gone out on the Mor-

gan Stanley, Goldman Sachs

morning wire to be careful about

using Barings as a counter-

to be diplomatic in not pressing

for information. "Am I right in

thinking that we have three big

clients, and these positions tend

to arise when one of these big

three, which are what? The Ber-

"I really don't want to go into

we can't tell JF [Jardine

the other two?" Kelly said.

This time, Kelly was not going

"There's a list of them. Diarmaid," Baker stalled. "Well, who are the big ones, just so I know?" Kelly pleaded. The hedge fund in Bermuda,

Tiger and Refco," Baker con-"So apart from this slightly strange guy, these are all big players in the futures world.

Kelly said. "Yeab", said Baker. "So that's the anodyne answer to that: big and known futures players," Kelly said.

"Yeah", said Baker, "So what happens is these guys come on and give an order in Simex, which they prefer to deal in because it's more efficient blah de blah, correct?" Kelly asked.

"Yeah", said Baker. "So Simex doesn't have the volume, so we do it in Osaka, and then sell them a Simex contract exactly matching the one that was bought in Osaka?" Kelly asked.

"Exactly", said Baker. Kelly started to question Baker about the way Barings paid margin, the cash collateral required by all futures exchanges, pressing to find out if there was any risk from a hedge fund collapsing. "We put up margin on behalf of customers to Simex?" he

"Yep", said Baker. "We collect it?" Kelly asked. "Yep, so we're holding it in advance," said Baker, wrongly. "Yeah sure, but our risk could be a cock-up in settlement. That

would be a funding thing," Kelly "We will always hold margin on behalf of a customer before we posted it," Baker said.

"Okay," said Kelly. "But we are a bank with a billion US dollars of capital. We have substantial funding lines and credit lines in Singapore,"

Baker went on.
"Absolutely. The only risk is a funding risk, whereby for some reason or another because of some cock-up in settlements ... we haven't called the margin off the clients," said Kelly, putting his finger on exactly the reason Barings was about to collapse.

"Simex comes to us for the margin," Baker said. Kelly ran through a version of the story for external consump-

"Okay, so I wouldn't be out of order if we told clients that the position they see in Osaka represents a facilitation

for agency trades that we're

silkily. later, at 9.03am, Kelly was back doing in Simex," he said. "Yeah, you wouldn't be out of order," said Baker.

Lesson faxed the forged letter,

explaining the missing £50m,

from his Singapore apartment

"Therefore, there is an equal and opposite matching position Simex, which they can't see ... therefore I can say we do have a risk to the Osaka stock exchange," Kelly said.
"Yep," said Baker.

"Which you don't mind revealing," said Kelly. "Yep," said

"And also that Simex is the counterparty, and not the client," Kelly said. "Now could you get your guy in Hong Kong to stomp on to the floor, and gather some of the more senior people around him and explain just that, so that when their clients ring up they can rebut it?" he asked.

It was one of Baker's final tasks before going on holiday. He flew off to Verbier the following morning. But Baker was not content. He had spent several weeks trying to get Lesson to reduce his trading on Simex and Osaka, but it only seemed to have grown Baker was getting angry at what seemed to be Leeson's defiance.

On Sunday night at 3pm, Baker rang him again. It was 4am in Singapore, but he did not care about waking Leeson up. He left a message on the answering machine. Leeson called him back get about Flemings, forget about two hours later. Baker did not mince his words. He said there was no excuse for Leeson not cut-

ting positions. "If you lose \$1m getting them down, it's money well spent. I want them at 10,000 by the time I'm back. Do you understand? Baker said.

"I understand completely," Lesson said.

"If those positions are not reduced, I'm going to come down there personally, and sort you out," Baker said.

"I hear you," Leeson replied. An hour later, Leeson picked up his trading friend Danny Argyropoulous at his apartment. Lesson described ruefully how he had just been told off by Baker. He appeared ready to obey, but in practice he could not do so without removing the last support from the Nikkei. Too many investors were now selling Nikkei futures, and Account 88888 was virtually the only force preventing a headlong fall.

On the morning of Thursday February 28. Leeson called Fernando Gueler, the chief derivatives trader for Barings in Tokyo. Leeson seemed oddly calm. The usual tension of the Simex trading floor was absent from his

"How's life?" Leeson asked, seemingly happy to chat rather than trade.

"Well, you seem in an especially good mood today," Gueler told him. Leeson did not reply.

The market was more turbulent that Thursday. It opened slightly up, then started falling. The weight of selling that had been long expected finally came. The Nikkei dropped through 18,000. Leeson's losses were spiralling. In addition to his Nikkei losses, he was losing £8.5m for each 10 point rise in JGBs.

JGBs gained as rapidly as the Nikkei fell. He hardly even bothered to trade.

The index carried on falling, dropping 277 points to close at 17,830. By the time the bell rang. the five eights account had lost £65m on the Nikkei, £61m on JGBs, and £17m on his options In a single day, £143m of Barings' money had disappeared. It was the end. Leeson knew his short time of glory as a trader was over. Wearing his blue and yellow jacket, he walked out of Simex for the last time.

All That Glitters is published in the UK by Hamish Hamilton, £20. It can be ordered from PT Bookshop: Freecall 0500 418 419 or + 44 181 324 5511 from outside the UK (free p&p in UK)



The 1990s have been the decade of the "rogue trader" in financial markets, who typically exploits weaknesses in his employers' internal controls and takes huge bets on the direction of the markets. Often he becomes a star, but ends up damaging his-

employer's fluances or reputation. In June 1994, Joseph Jett was dismissed by Kidder Peabody, the US investment bank, for allegedly conjuring up \$350m of fake profits by false accounting. Jett had been one of the US firm's leading traders. In October 1995. Toshihide Iguchi, a bond trader, was accused by his employer Datwa Bank of concealing trading losses of \$1.1hm for 11 years.

In June this year, Yasuo Hamanaka, chief copper trader of Sumitomo Corporation, was accused of trying to manipulate the world copper market. Hamanaka struggled to support the price in the first half of 1996, against the efforts of hedge funds that which were trying to drive it down. He finally lost, and Sumitomo faced a loss of at least \$2.6bn. Last month, the investment banking group Flemings was fined £700,000 and ordered to

Armstrong, 43-year-old chief investment officer of Jardine Fleming Investment Management in Hong Kong made personal profits of £3m by placing profitable option trades in his own account, while customers

were allocated loss-making trades. This month, Peter Young, fund manager with Morgan Grenfell Asset Management in London was dismissed for "suspected irregularities" after setting up a web of Luxembourg holding companies to disguise the scale of his investments in high-tech companies for two flagship unit trusts. Armstrong gained personally through his

actions. However, other traders appear to have drifted into deception largely in an effort to become - or maintain their status as - stars within their organisations. Barings was not alone in placing huge pow in the hands of a financial trader who exploited it. Many institutions ventured into financial trading in the 1990s to compensate for falling earnings elsewhere. Those without adequate controls trusted young highly-paid men and women to trade instruments that were too complex for many managers to understand. Barings was particularly vulnerable. Baring Securities had always relied on one or two people to make most of its money. It

kept chasing for the latest pot of gold in the world's markets, trying to outwit larger banks by fleetness of foot. Each time it did so, it strayed further into complex financial instruments, of which its directors had little or no experience. Baring and Andrew Tuckey, chairman and deputy chairman, were too distant from day-to-day events to spot warning signs. Peter Norris, investment banking chief executive, was rushing along

too fast to see the signals. The merchant bank that had pioneered international finance in the City of London had required relatively few controls. Yet by the time Leeson walked on to the Simex trading floor, Barings was trying to run a global investment bank with the same technology, culture and people that it had relied on to run a small merchant bank. Barings was painfully ill-equipped to stop Leeson spending its own money to turn

himself into a star.

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James Morgan

# Another leap into the blue

Pragmatism involves going ahead with a project and sorting out the problems afterwards

he English are bastards but we need them." This remark was not, curiously, about European Union but about rugby union. It was culled from the streets of Toulouse by the sporting weekly

Midi-Olympique.

Many readers may be unfamillar with the tale of the Five Nations rugby near-disaster, but it started when the Rugby Football Union, of England, negotiated a big contract with BSkyB, the satellite broadcaster, and then refused to share the money with its partner

So they said they would not play with England and that made the contract rather worthless from the point of view of the week, the British want to go

broadcaster. After months of nowhere in particular. haggling. England gave in and shared some of the money.

There may not seem to be many lessons here that are relevant to the divisions within Europe referred to by Malcolm Rifkind, the British foreign secretary, in Zurich on Wednesday. But one is that you cannot know if you will get away with something until you try it on. That could well be the slogan of the European Commission.

In his speech, Rifkind says: "We should not proceed down a path of integration faster or further than our people want to go." This is a very British view. As an article in Le Monde noted last

The answer to Rifkind is that integration has always gone further than ordinary people really wanted. Most people have always been fairly sceptical and then been surprised when things turned out as well as they did.

The masses never appeared on the streets waving blue flags with gold stars, not without a substantial subsidy anyway. Ordinary people have played no role in the construction of Europe, which provides one reason why it has gone relatively

smoothly in many areas. The English have not, so far, changed that. Politics is far more of a participation sport in England than elsewhere and that

nounced hostility to much that is European. The governing class in London has had to share the prevailing view.

So monetary union will go ahead without the English. That may or may not pose the difficult questions that Rifkind seems to fear. He noted that the founding fathers had wanted a united Europe and now we were going to get a divided one - but that need not be forever. Consider this: either monetary union will be a success or it will not. If it is, then the English might well be tempted to join. They might come to accept it as a "good thing" as they accepted the Com-

gradually join. Or they may decide to leave the union altogether. If it is not a success, the project might well collapse.

Thus, as in the case of rugby union, there are ways of making things work and answering hypothetical questions - see what happens if you go shead; then sort out the problems. This is called pragmatism, once sup-posed to be an English virtue. Relationships between members and non-members can be worked out as the experiment proceeds; after all, it will take three years for the euro to be introduced. What really needs to be resolved is what is meant by

meant to achieve?

The EU has often proceeded by taking a leap into the blue at the behest of technocrats and officials which, for Europe's sake, has probably been a good thing. No one is ever sure how these leaps turn out, so let us wait and see. And at the end of it all, they may still need the English. M James Morgan is BBC World Service economics correspondent.

getting paid about four times as

much to do the same job. Sir Denis started off by defend-

ing Brown, but when pressed he

admitted that it had been a mis-

take to make such a large rise in

salary in one year.
"It would have been better to

have reasonable increases over 10

years. Slowly, slowly go ye Chinaman. Another slight difficulty

was that Cedric was a bit over-awed by the select committee

and didn't do what I would have

done and walked out. But the

thing I was really against was

share options. When we were pri-

vatised we had a share scheme

that was the same for everyone

in the company. But my colleagues were not in favour of it."

So Sir Denis's (relatively) egali-

tarian scheme lasted just three

years, until he left the company.

Our plates cleared away and coffee brought, Sir Denis started to tell me about his life. I had not

asked for the story, but I sat and

"I came from a simple work-ing-class family," he told me

(again). "I had to struggle quite hard to achieve what I did. I was a slightly precocious child, and

was sent to school at three years

old but immediately became ill

and was out of commission for

four years. I spent most of that in

Great Ormond Street Hospital. When I was seven I couldn't read,

I couldn't write, I couldn't prop-

erly walk. The imperative then

was to pass the 11-Plus. So I

worked like hell. Started me off

on the important business of con-

He talked me through his time

at university, the army, univer-

sity again and then British Ges,

right up to his present position as chancellor of Loughborough

University, Leicestershire. In par-

ticular, he talked about a scheme

he had been involved in to help

women scientists take further

degrees after having had chil-

dren. At this I baulked, and

couldn't resist saying that Sir

the most male dominated of

hidustries, was an unlikely cham-

told me about all the schemes at

British Gas there had been for

So. I asked this mellow man, as

the waiter brought the bill, have

you mellowed over the years?
He fixed his eye on me, unsmil-

ing. "I've always been a soft

The bill was handed to Sin Denis. "It may be unusual," he said to the waiter, "but this lady

is looking after ma. Thank you,

I declined his offer of being

driven the 100 yards to Victoria

Station, he gave me another kies, and thanked me again. Out of the corner of my eye I saw Sir Denis

being driven off in a Jaguar (or

was it a Daimler?) by a man who

looked the dead spit of Frank

teddy bear sort of a chap."

Calmly he corrected me, and

pion of the working woman.

centrating.

listened obediently.

is why the voice of the common mon Market in the referendum monetary union being a success, man is reflected in the protions smoothly, if economic growth within it picks up and unemployment starts to fall, monetary union could well seem to be a good thing. That may be demanding a lot but, after all, what else is monetary union

> record of one of Britain's more remarkable figures from any age, But now, it seems, this may be about to change as a result of two books on her achievements. Johanna Alberti's biography is the first to begin the task of re-awakening the public mind. In an age of cynicism towards politi-cians, she presents a storybooktype image of how politicians

memory of its past.

Portrait

of a

great

ting Britain's low self-

esteem is the nation's

loss of any collective

On a recent visit to the National Portrait Gallery I asked

for a postcard of Eleanor Rath-

bone's portrait. She was, after all,

one of the country's great parlia-

mentarians. Mine was the first such recorded request. There is

simply no demand for a personal

should behave. However, although in many respects a fine and measured work, it fails to do justice to Rathbone's contribution to economic ideas, where I believe she rates alongside Keynes, generally regarded as the most important economist of the 20th century.

Rathbone came from a long line of Rathbones, although not quite the 13th Miss Rathbonc, as Harold Wilson, the former Labour premier, might have said. So what made her so special? Born to be part of life's awkward squad, Rathbone was elected as an independent to Liverpool city council against the strong opposi-

tion of many male voters. She became the English Universities' representative in parlia-ment at the election where for the first time women gained the



vote on equal terms with men. At the age of 57, when all too many MPs start thinking of retirement, Rathbone began what must rank as the outstanding backbench career of this century.

There are many firsts to her name. With Winston Churchill, she immediately warned the country of the evil of Nazism. Clearer than anyone on the dangers this regime posed to the Jews, she became the parliamen

tary protector of refugees. In one of the few memorable meetings to record the 50th anniversary of her death in 1945. Jews whom she helped to bring over here as children spoke in the most haunting way of the human side to someone whose painful shyness hid most of her true feelings from the public gaze.

One recalled meeting her unexpectedly when in RAF uniform and how she continued a conversation about his parents which had been broken off almost a decade before.

Rathbone was the most influential feminist produced by this country. While she lacked the spin-doctoring qualities of the Pankhursts, she leaves a far more substantial legacy. The turn of the century was the age when new liberalism attempted to hammer out a social programme. Yet the "condition of the people" issue was seen exclusively in terms of the distribution

of income between classes. Rathbone challenged that debate at its central point. To an elite obsessed by what we would call today the vertical distribution of income, she swung the debate around to consider its horizontal distribution between types of households on the same level of income. The tremors of her depth charge into this political and economic debate are still being felt

Rathbone's contribution to our thinking on who gets what income in our society was unique, a point which Alberti neglects in an otherwise fine and scholarly book.

When Susan Pederson, the Harvard historian, completes her forthcoming life of Rathbone there will then be no excuses for ignoring the importance of one who made a huge contribution to our ideas of liberal thought and social justice. Then, perhaps the National Portrait Gallery will receive more than an isolated request for a reproduction of the outstanding person's portrait, Eleanor Rathbone is published by Sage (£9.95, paperback, 204 pages.

£30 hardback). Frank Field

■ The author is MP for Birkenthank him for opening his eyes.

The boss in his mellow years Lucy Kellaway talks to Sir Denis Rooke, the former chairman of British Gas, and finds a changed man

Lunch with the FT

lunch with Sir Denis Rooke. The first took place in 1986, the year of the British Gas privatisation. Sir Denis, then chairman of British Gas Corporation, had invited three Financial Times journalists to lunch. It was a tense occasion. Sir Denis was in combative form, shutting his colleagues up if they spoke out of turn, and leaving us in no doubt of the low esteem in which he held our trade.

Half way through the meal my colleague passed a remark about the lack of competition in the gas industry. Sir Denis turned deep red and began to shout that journalists were ignorant fools and if we were going to say that sort of thing he did not see why he should be feeding us such fine beef and claret.

I had invited Sir Denis to lunch this time partly out of masochism, partly out of respect. I wanted to re-acquaint myself with a man who never cared a fig for image, who always did what he believed to be right and who inspired fear, losthing and admiration in the people he met.

It was with some trepidation that I approached the Goring Hotel, an old-fashioned place behind Victoria Station, London, where he assured me he was "not entrance I saw a tall, familiar figure approaching. There were the same basset-hound jowls, the same deadpan expression. But as I waved, he gave a grudging half smile, and more alarming still. took my hand and made as if to give me a kiss. "You've got smaller," he said. In his other hand was a copy of the FT. Could it be that he was planning to be

We settled comfortably at a table, the waiter clucking round Sir Denis, making him feel special. Over his gin and tonic he asked me politely about my family. What a nice old man, you

would have thought. "The food is not complicated," he said, bestowing his highest praise on the menu. "This is one of the few restaurants in London where you can get real fish and chips. They do come on a plate,

not on paper." I chose Palma ham and melon followed by an elaborate dish of salmon and asparagus. To my surprise, he told the waiter to make that two".

in an attempt to rediscover the old Sir Denis. I asked what he thought of the latest heavy restrictions imposed on British Gas by its regulator. "Shareholders in British Gas were conned," he said gruffly. "There was nothing in the prospectus to prepare them for anything that had happened since privatisation."

Before I knew it we were back reminiscing about the old days: "When I arrived in the gas industry 40 years ago it was in a very precarious position and it became

his was my second The Prime Energy industry. We lunch with Sir Denis competed against all the other energy forms. We turned it into the biggest and best energy company in the world. It was always profitable." I was having a strong sense of déjà vu. Sir Denis had surely spoken the very same words at lunch a decade earlier, the only difference this time was

that the anger was gone. Returning the conversation to the present, I asked whether, if he were still chairman, he would have been better than Cedric Brown et al at holding the line against the government.

Again he smiled. "In the dead of night I always kid myself that I might have. The attitude of the present management is that you can't recreate the past they do the best they can. But I wasn't built like that. I fought all the

furious rows he had bad with the government in the mid-1980s. There isn't any doubt there was a hell of a battle. One of the people who hated my guts from my feet to the top of my head was Nigel Lawson. He always

'As you get older you become sad about everything. This country is going to the dogs'

had to have his own way." I suggested that in that case the two of them were well matched. Sir Denis glowed, as if I had paid him a rich compliment. "Well! In a way not. He was a cabinet minister and could do

what he wanted." "They weren't all like that. Wedgie Benn [Tony Benn, the left-wing Labour politician] was very well brought up. Beautiful manners. He went out of his way on social occasions to recognise me and to talk to my wife."

But, for the main part, he said he was "not much of a fan of politicians. I'd lock them all up in the House of Commons and let them talk to one another. I don't trust them. I've been the victim of more dirty tricks than you've had hot dinners. Go back to the privatisation of British Gas. I worry that there was a hidden - and I should have had an inkling." He fears that the government always intended to break up British Gas and intro-

duce competition. Does he feel bitter? "What is the point in being bitter?" he said. "I am sad - but as you get older you become sad about everything. This country is



Sir Denis Rooks. T've been the victim of more dirty tricks than you've had not dinners

any faith in anything. I'm a simpleton. I only deal with very sim-

I was starting to feel impatient. Powerful people telling you how simple they are is nearly as irritating as conventional people telling you that they are mad. "I'm a very down-to-earth, simple, working-class chap. And I - at this point he took my hand and bumped it on the table to emphasise every word - "if You Can't Pay For It You Can't

and he gave me a speech on the said he watched sport, and that importance of training and education and on how politicians are not tackling the problem.

I protested feebly that there have been hundreds of recent training initiatives but he took no notice, telling me instead of how well they used to train British Gas's fitters in his day.

"The biggest thing to worry about now is television. Before we had television we went out to do things." I asked if he ever

he used to be a keen sportsman.
"You do realise that I am well over 70 don't you?" he asked. Yes, I said, I did realise.

While he had been talking about the ills of the modern world I had been eating, and by now had finished my nice fish and baby vegetables. He had barely begun. So to allow him to eat I started a long preamble to a question about Cedric Brown. I wanted to know how he felt going to the dogs. I don't have Have It." I reclaimed my hand watched telly himself, and he about a lesser man than himself

#### A man who opened eyes Clive Cookson pays tribute to exhibition designer Gill Ravenel

bilities, such as they are. Gill Ravenel, who died of a heart attack last week aged 55, had run the design department at the National Gallery in Washing. ton DC for the past 25 years. During that period he put on the most spectacular and influential series of public art shows ever

he art world has lost its

greatest genius of exhibi-

tion design - and I have

lost a great friend to

whom I owe my aesthetic sensi-

mounted in a single museum. The 400 exhibitions ranged from his modest debut display of Durer prints in 1971, through such stunning creations as The Treasures of Tutankhamun (1976). In Praise of America (1980) and The Treasure Houses of Britain (1985) to the current show of ancient Mexican art. And the public loved them. For example, during the final weekend of the Vermeer exhibition last February, I saw people preparing to queue through the icy Washington night for tickets.

In the face of a growing blizzard of electronic images, Gill template still objects. He also many parts of the world, though excelled at firing our imaginations; his exhibitions were their favourite. They searched always strong evocations of the antique shops and fairs, not so place and culture from which the objects had come.

My private education arose from the good fortune that my wife Caroline and I spent the first four years of our married life in Washington's oldest district, Georgetown, as neighbours of Gill and his wife Frances Smyth (the National Gallery's editor-inchief). They welcomed us into their home - modest in size but breathtaking in decoration and contents. Its style was impossible to characterise, like everything about Gill, but can perhaps be described as intensely clean and pure, in an early American, rather than a contemporary mini-

malist, way. Franny and Gill collected that have characterised the work helping the curator, Gervase recognised for his achievements,

American decorative arts were much for unrecognised treasures as for particularly striking or elegant shapes. An exquisitely curved soup ladle could give as much pleasure as an unusual painting. Although the collection grew rapidly, Gill's astonishing display skills enabled each object to stand out, without any overall impression of chitter.

Gill's academic background (at Duke University and the University of North Carolina) was in art history. He received no formal training in design or architecture - which may help to explain why his displays concentrated so successfully on the objects themselves, while avoiding the distracting elmmicks and fripperies objects from all periods and of many museum designers.

sonal qualities contributed particularly to Gill's work: perfectionism, enthusiasm, and a love of change and variety.

Mark Leithauser, the artist who worked as Gill's deputy for 23 years, recalls his perfectionism. "We would go over the drawings for each show again and again and again, endlessly discussing and redesigning. On the hundredth day, we were making changes of a hundredth of a per

cent - but it was worth it." Gill approached each new subject with a childlike enthusiasm. travelling around the world to immerse himself in the art in situ, so that he could tell its story and recreate its setting in Washington. For The Treasure Houses of Britain, he visited 126 houses -

Besides his innate sense of far-reaching show of British space, form and colour, three per-sonal qualities contributed par-has attempted in the UK.

Lighting was a key element in Gill's displays, both to illuminate objects and set moods. And he paid immeose attention to colours and surface textures. Most important of all, though, was getting the specing right.

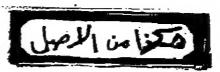
The 21 Vermeer paintings were placed further apart than pictures at any previous exhibition. In the mock-ups, their separation had looked almost ridiculous but it was vindicated when the show opened - in contrast to the same exhibition in The Hague, when the Vermeers were far too close together to be seen through the

Gaillard F Ravenel II, to give Gill his full Huguenot-derived name, had little interest in being this article, by a friend who can-Jackson Stops, to put on a more and he disliked personal public-



ity. While he adored discussing his work with friends and colleagues, he avoided the glittery parties that opened his shows (unless forced to attend). So I hope Gill would forgive

not think of a better way to



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#### CHESS

India's Vishy Anand seems on the way back to the progressive form he showed before his failed world title challenge to Garry Kasparov. After his marriage this summer, the 27-year-old won at Dortmund and Geneva and declared he was ready to resume his former status as heir apparent to Kasparov and Anatoly Karpov. Anand is still the speediest

player among the top GMs, and his sacrificial flair shows to effect in this weeks's game from Geneva (Anand v Speelman).

1 Nf3 d5 2 c4 d4 Most GMs prefer the more conservative e6 or c6. 3 g3 Nc6 4 Bg2 e5 5 d3 Nf6 6 0-0 Nd7 If Bd6 7 b4! Bxb4 8 Nxe5 Nxe5 9 Qa4+ with advantage.

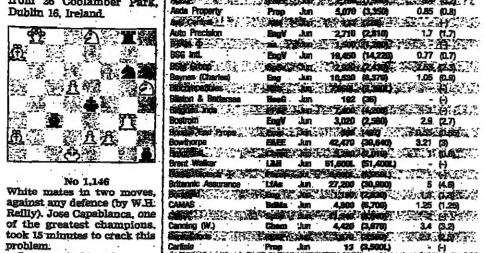
7 e8 Bc5 8 exd4 Nxd4 9 Nbd2 0-0 10 Nb3 Nxb3 11 axb3 c6 12 Bd2 Nf6 Under pressure from b4,Bc3 or Re1, Black tries active defence, but White's bishops gain

increased scope. 13 Nxe5 Bd4 14 Bc3 Bf5 15 Rel Qd6 16 Qf3 Be6 17 Qf4 Rfd8 18 b4 Bxe5 19 Rxe5 Qxd3 20 Rg5! Switching to the black king, and a promising exchange sacrifice. Ne8 21 Qe5 Kf8 22 Rxg7 Nxg7 23 Qxg7+ Ke8 24 Re1 Qg6 25

Qe5 Kf8 26 b5! Still more activity for the bishops. Rac8 27 bxc6 bxc6 28 h4 Res 29 Kh2 An expression of confidence; Black cannot improve his position. f6 30 Qd6+ Kf7 31 Rxe6! Rxe6 82 Qd7+ Re7 33 Qxc8 Resigns. If you enjoy chess by post, fax or the Internet, ask for a free introductory copy of a new magazine, Chess Mail,

from 26 Coolamber Park,

Dublin 16, Ireland



White mates in two moves, against any defence (by W.H. Reilly). Jose Capablanca, one of the greatest champions, took 15 minutes to crack this Can you do better?

Solution, Page II Leonard Barden

#### BRIDGE

The Macallan Club Teams and Pairs Championships provide a unique opportunity for club players to take on internationals, often with surprising results.

h (main

Last year, a courageous amateur doubled a former world champion and collected 1,100 in penalties. However, on the very next deal, the experts began their successful climb back to winning their match.

4 A Q 5 ₩ 65 ♦ 10 7 4 8 2 ♥ A 7 2 ♥ Q 10 9 8 ♦ 10 6 + Q78

♣ QJ 10 6 8 West led 10♥ against South's 3NT. Winning with AV, East returned 7V, on which declarer played JV.

crucial decision of the deal. From the play of the hearts, he knew that declarer held ♥K8, so another heart would squander a trick. A club switch was tempting, but

would have proved fatal. Instead, West led Ka; his intention to seal the declarer in dummy. Winning with A. declarer

cashed +AK and conceded the third round to East's Q+. East returned 34, and West overtook this with Ja to unblock the suit. Declarer won with Qe, cashed the long diamonds, and realised that there could be no end-

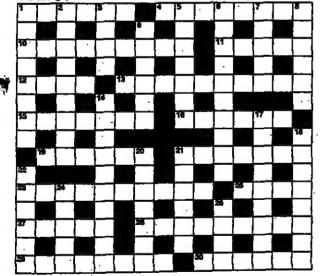
Rather sadly, he claimed his A# for one off.
At the second table, the amateur West had switched to a low club at trick three and the declarer had an easy run for his contract.

The 1996 events will be held on November 16 and 17. For further details, contact the competition hotline:

Paul Mendelson

#### CROSSWORD

A prize of a classic Pelikan Sonverin 800 fountain pen for the first correct solution opened and five runner-up prizes of \$25 Pelikan vouchers. Solutions by Wednesday October 2, marked Crossword



ACROSS

I Indian has little time to go round selling (6)

Inspire fit characters to produce Virago (8)

Wander about wild glen in a curious manner (9)

25 Strike it hot: a bacterium comes in to produce woolly bears (5,4) Some ammunition for mak-ing two or more into one

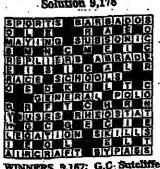
Ducal town, a capital to boot (10) When I need something to provide milk for myself?

(3.4)
6 Pound a plague to the French? (6)
Stuck to a point with a border (6)
Portmanteau word for Eurostar (7)
Divide the ground as the control of the property of the propert 16 Pound a plague to the French? (6) 19 Stuck to a point with a bor-

21 Portmanteau word for Eurostar (?)
22 Divide the ground, as the Wear does (10)
25 It happens when the sun's in (4)
27 First lady holding authority to call out (5)
28 Bedwarmer to let, both at sixes and sevens (3,6)
29 Castle town using sound currency? (8)

17 Ancestral form of the red rose (9)
18 Apple of battle (8)
20 See creature or puppet with fishy organ, say? (7)
21 A craxy fellow in church who got his feet wet (6)
22 Evaluate a female beast! (6)
23 Evaluate a female beast! (6)
24 I complain at the resurrection of an Old Testament character (5)
26 See 11 sixes and sevens (3.6)
29 Castle town using sound currency? (8)

Solution 9,178



Solution 9,167 CRASEBARBIER
A O H A E V E D
RUSSELL CHOOSER
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O T A M S E
MARSHILL AUSE

1 Doctor's capital has a bite

1 Doctor's capital has a time (8)
2 Be quick (say) with stick for a hard blow (9)
3 A blow to turn round (4)
5 French country speaker to go with cheque? (3,4)
6 Collected antique set of huge proportions (10)
7 Lump of metal found in ageing ottoman (5)
8 Queen on currency – one is sent on (6)

WINNERS 9,167: G.C. Sutcliffe, Keighley, Yorkshire; Miss E. Atkinson, Todmorden, Lancashire; N. Bracewell, Burgess Hill, Atkinson, Todmorden, Lancashire; N. Bracewell, Burgess Hill, Sussex; Mrs K. Branigan, Sandy, Bedfordshire; J. Padfield, Eastbourne, Sussex; W.F. Wells, Bottisham, Cambridgeshire

#### WEEKEND INVESTOR

In the Pink

# You can only be a hero if you end up the winner

John Train looks at how the performance of equity managers is judged with the benefit of hindsight

John Train is chairman of derful records are usually dence that over the long Montrose Advisers invest- based on small amounts of term it will prosper.

las, poor Vinik! I offer this epitaph to commemorate did not achieve immediate success, even though he may have been taking the prudent course over the long term. (Alternatively, one might also call it the Admiral Byng effect.) Jeff Vinik ran Fidelity's gigantic Magellan fund until recently. A year before the boom in technology issues he put 40 per cent of Fideli-ty's assets into technology stocks. Very neat! Then, toward the end of last year. he sold again, avoiding their

jolting drop. He concluded that US

Magellan's performance seriously lagged behind the averages, shareholders were disgruntled, and Fidelity's management was very disgruntled. The Johnson family, which owns the business, did not climb to over \$400bn under management (and \$400m of annual fees on Magellan alone) by following a policy of laissezaller. So Vinik gets the chop. This lesson has been

noted by other equity manseers. In the hot money end of the investment business. it is in the very nature of things that popular, ambitious managers push trends

As a clan, they eventually cost their followers more

ment managers in New capital going up, and when York there were 1,400 hedge funds, compared with 4,700

> Anyway, what should one do if one anticipates trou-ble? That's a bit like asking how hard you should hit your second serve in tennis: It depends on your level of

stocks were overvalued compared to bonds, and put 30 per cent of his portfolio into Treasuries and cash. That may indeed have been the reasonable strategy. But meanwhile . . .

Montrose Advisers invest- based on small amounts of crashes and burns with much more freight aboard than when it took off. Second, at the end there are more hot managers. In 1988

bull market, most investors should not try to catch the top, but anticipate a bit. since the fall is often so abrupt that once it starts, in practice you may be paralyzed and unable to act. This is, of course, particularly true if you're managing an enormous portfolio: you can't swivel the QE2 like a speedboat. So you should start by selling lowquality stocks that seem crazily overpriced, and retain what you know is of high quality and reasonable

essential to know a great deal about any holding that you decide to retain during bear market, since from time to time you will be overwhelmingly tempted to sell, and may well do so if

you do not have high confi-

value.

(Most people should almost never sell top-quality growth stocks whose business fundamentals are intact: certainly not because of generalised fears about the overall market.) In no event should one chip and chop according to the latest tactical wizard wheezes. That approach means that

transactional costs devour your capital.

Anyway, back to Jeff Vinik and his \$50bn prob-lem. Having decided that his collection of technology To sell a huge amount of stock you have to take advantage of a desire on the part of other

not to be surrounded by a large number of other sellers

investors to buy, and it is best

In the frothy phase of a stocks had enjoyed the best of their move, and that the whole market was well along in its cycle, he must have further concluded that to bring a rosy glow to the face of the electorate entering the polls, Washington would do everything it could to keep down interest rates. Ergo, long bonds. Perhaps he intended to shorten their maturities or buy stocks after the election. It has always been true

enjoyed good markets, and very often true that there is a corrective credit squeeze, I emphasise know. It is and thus a sloppy stock market, in the post-election period. So Vinik could have hoped to repurchase stocks late next year, or whenever they got weak enough. In order to sell a huge

amount of stock you have to take advantage of a desire

that US election years have

on the part of other inves-tors to buy, and it is best not to be surrounded by a large number of other sell-

These conditions existed last year, when \$128 billion flowed into equity mutual funds, producing a 32 per cent lift in the S&P 500 aver-

age through July. This year, an even larger amount - \$140bn - came into equity funds, but the S&P only rose 3.9 per cent. In other words, a lot of stock is on offer. And the rate of buying is itself falling off. Last year an average of \$18bn a month flowed in to equity funds: This July the figure dropped to

\$3.5bn. Incidentally, there was an interesting anomaly in Vinik's portfolio alignment. Along with his huge bond position - huge, that is, for an equity fund - Vinik held a lot of cyclicals. These can be attractive coming out of a recession, when there is a lot of slack in their capac ity. As the economy picks up and their excess capacity

cuts in, earnings boom. Today, however, we have enjoyed years of good business, so you cannot expec that sort of lift. Vinik must have reasoned that low interest rates would at least keep the cyclicals going for a while, until some better opportunity materialised Quite a weak strategy, actually. The whole thing was a balancing act.

In any event, Vinik's offence was not assuming risk when he thought the odds were bad. You're a hero if you win, but if even for the right reason you turn out to have made the wrong decision, bye-bye! Thus, internal factors always induce equity managers to overstay a bull

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■ Results due next week

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# Weekend Investor

Wall Street

#### Internet enters its own Gilded Age

John Authers takes a ride along the most hyped highway of them all

all Street inveshave always happy to pledge money into the latest networks of communication. Railroads created America's first Gilded Age. Then came oil and automobiles, and more recently airlines.

But the most recent repository for Wall Street's money is the most hyped highway of them all, the Internet. Online technology is already much more evident in American everyday life than it is anywhere in Europe, and it fuelled a round of spectacularly successful flotationsknown as Initial Public Offerings or IPOs in the US. in the latter half of last year and the first months of 1996.

The nasty stock market "correction" of early July appeared to have burst the bubble. The Nasdaq, dominated by technology stocks, fell by far more than the S & P500 and the Dow Jones Industrial Average, which is

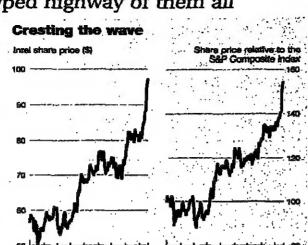
dominated by blue chips. America Online, the largest US on-line service provider, typified the trend, losing more than half its value on the market since May. amid growls from analysts that its growth plans had proved over-ambitious. A well-publicised black-out last month, when the entire system was unavailable for a

day, did not help matters. Two months of market rallying later, with the Dow and S&P 500 setting all-time bighs, and the high-technology stocks still appeared to have been left behind.

Not any more. Intel stunned the market on Monday evening with what some wags called a "reverse profit warning". It announced its profits for the quarter would be better than expected. Revenue in the third quarter would be up at least 5 per cent from its second quarter level of \$4.62bn, it said, citing strong sales.

Further fuel was pumped into the rally on Thursday by an International Data Corporation forecast that demand for personal commuch as 13 per cent next year. Chip makers, including Intel, did well on the news.

High-tech stocks gained across the board. America Online decided to do some thing about its share price by graduating from the Nas-



daq to the "Big Board" of the New York Stock Exchange. It was greeted by an up-grading, its price rising \$2 to \$29. By Thursday, it had registered a close of \$331/4.

which allows on-line banking and financial transaction, even managed to raise its share price despite announcing an operating loss, and announcing it was keeping to a long-term strategy. Dealers were pleased by its decision to sell its bill-paying and banking services unit, in a move which reduced fears by banks that Intuit was setting itself up as a direct competitor.

Banks had enough to worry about, as their share prices are very sensitive to shifts in interest rates. This is not healthy at the moment, as the market outside the high-tech stocks remained obsessed by attempts to second guess the Federal Reserve, whose open markets committee meets next week.

During the week, the balance of opinion shifted back towards predicting a small rate rise. The markets had a lacklustre week as a result, with the main market indices down from all-time highs and long bond yields edging

The fate of airlines may say more about the overall health of the market. Airlines have traditionally been priced generously, with the markets prepared to give companies time to register profits. But the last two falls. Last week. American

Airlines made a cost warning. Oil prices, which leapt after the missile attack on Iraq, and a wages deal for pilots which was distinctly more generous than the On Monday, Intuit, the management had hoped, market leader in software meant its costs would be 4 meant its costs would be 4 per cent higher than expec tation, the company said. America West, a smaller fast-growing carrier, also

warned on profits.
This week it was the turn of TWA, its name unfortanately still linked with the crash off Long Island which killed 230 people in July, to warn on profits. The airline said it would report earnings per share of just \$1.20 in the quarter to September, down from \$3.18 in the same quarter a year earlier. The company's shares had already dropped 13 per cent on the basis of a downgrading by Goldman Sachs.

Internet stocks do have one clear advantage over air-lines - they are "high-tech", confering a vogue previously enjoyed by plastics (remem-ber The Graduate?), and by bio-technology stocks.

But there are plenty of cynics who believe that a company will command a premium if its name prehensible scientific term and nobody understands its

With understanding will come a lower rating.

Down Jone	s Ind Average
Monday	5889.20 + 50.68.
Tuesday	5888.83 - 0.37
Wednesday	5677.38 - 11.47 5867.74 - 9.62
Thursday Friday	3007.74 - 3.02
•	•

# A curse on herd mentality

Philip Coggan on how fund managers are judged

he curse of Cassandra, you will recall, gloomy forecasts were correct, no one believed her. They must be feeling like that at PDFM this week. The fund management arm of Union Bank of Switzerland has attracted plenty of publicity for its decision to have a lower-than-average weighting in UK equities

average exposure to This strategy has been portrayed as "gambling on a crash" and PDFM certainly believes that equities in the is and lik are overvalued. But its view only appears peculiar world of pensions

higher-than-

are judged, not on whether they can deliver the best returns to beneficiaries, but on whether they produce

Highlights of the week

Lloyds Abbay Life #201/4 +38

gilts will provide a safe but modest return that will prothe average manager has 50 per cent in UK equities, a manager is "overweight" if it vide a decent level of bene-fits and investing the bulk of the fund in that category.

ment and it was difficult to

justify short-term plays on

Is there anything to justify

graph shows, the price-earn-

ings ratio on the Non-Finan-

cial Index, while not at the

peak reached in 1994, is well

shove its 10-year average.

The yield on the FT-SE-A

Lloyde TSB takes minority

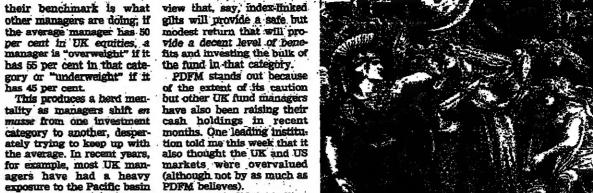
gory or "underweight" if it of the extent of its caution has 45 per cent. This produces a herd menbut other UK fund managers tality as managers shift en musse from one investment have also been raising their cash holdings in recent category to another, despermonths. One leading instituately trying to keep up with the average. In recent years, for example, most UK man-agers have had a heavy tion told me this week that it also thought the UK and US markets were overvalued (although not by as much as PDFM believes). However, it did not believe exposure to the Pacific basin and a low exposure to the US, tactics which have not in raising too much cash

because in the long run, equities were the best investprofited their clients.
But, from the manager's matter if the fund falls in value by 9 per cent, provided the competition has lost 10 PDFM's caution? As the per cent. Poor overall returns are much less likely to get the firm the sack than a persistent failure to beat other managers...

other managers are doing; if

has 55 per cent in that cate-

This prevents a manager from taking the cautious



All-Share index is also well below its 10-year mean. But the valuations, at least on ome measures, look far more extreme in the US. The sudden focus on PDFM (which has been widely known to be cautious for some time) is no doubt due to the inexorable rise of the FT-SE 100 index, which flirted with the 4,000 level this week and chalked up all-time intra-day highs.

The expiry of the FT-SE 100 index futures and options sparked a flurry of activity and the market also enjoyed a revival of takeover talk, notably in Zeneca, one of the speculators' old favourites. As usual, there was no hard news to back up the bid rumours.

The corporate results season continued with a spate of announcements. While there were a num-

ber of disappointing figures from small and medium sized companies, notably Roxboro, the electronics company, and Treats, the ice cream group, there was only Footsie; RMC, the building materials company, which warned of continued weak demand in Germany. The four-week average of

the dividend index, this column's indicator of corporate 56.4 per cent. That is around the middle of its recent range and shows that the corporate sector is confident, but not jubilant, in line with an sconomy which is growing at a decent, but not

The indicator is calculated by subtracting the number.

the number of increased payments and expressing the result as a percentage of the total (including maintained

payouts). There have been relatively few cuts recently, and only

three this week. The strength of the results ason, and the recent rally in the markets, have encouraged analysts to raise their sights. A prime example is Kleinwort Benson, which has increased its end-year forecast for Footsie from

4,000 to 4,200. One reason cited by Kleinwort, ironically enough, is the high cash positions of institutions such as PDFM. Fund managers may be forced to chase the market, especially as the corporate sector is still throwing off cash in the form of takeovers, share buy-backs and

Mark Brown, head of strategy and economics at ABN-Amro Hoare Govett, has also raised his end-year target for Footsie, although he remains fairly gloomy. "The recent rise in the market obliges us to moderate our cautious targets, but we maintain the view that it will be difficult to sustain a sub-4 per cent equities yield, against a background of rising real dends, suggesting a FT-SE 100 level of 3,700 compared with our previous target of .3.500." he writes in a recent

If Brown is proved right, he can at least be sure that the folks at PDFM will be willing to buy him a celebratory drink.

Barry Riley

#### Of market tops and laptops

Steve the strategist is caught short on tactics

new animated presentation software," said Steve. enthusiastically demonstrating his latest laptop computer linked to an overhead projector. "The colour change in the area beneath the curve from green to red signifies a shift to valuation ratios two standard deviations away from the historical average," he added.

Steve the strategist was back in town this week on his early autumn global tour. I caught up with him fine-tuning his gear in the Alchemists' Holl for a lunchtime seminar. "I hope you are going to tell us what effect an interest rate rise next week by the US Federal Reserve will have on fragile stock market

sentiment." I remarked. "A quarter-point hike would present no problem for the short run," replied Steve, "but it would highlight the widening growth disparities in the global economy. The US, along with one or two other economies including the UK, is powering ahead. helped by a credit boom. But continental Europe and Japan are struggling, and rather ominously, so is emerging Asia." But when we met in January he tipped German equities, I reminded him.

How had that worked out? "Like most people I'm disappointed at how long it takes for the Bundesbank to wise up to events," said Steve. "In fact the Frankfurt market has been hitting all-time highs and it is up 14 currency, which is better than New York, London or Toyko. That isn't true in dollars, but I warned that the D-Mark would need to be hedged this year.

"I was hoping for more, because I expected that German interest rates would have been nearer 2 than 3 per cent by now. It will still desperate - just look at their budget this week, patched together by raiding France Télécom's pension plan - and Germany is not much healthier. Once the crazy over-optimism of the 1997 economic growth forecasts is exposed (and that may happen as soon as this Christmas) the Maastricht borrowing limits will be seen to be completely out of reach. The only way out will be through much looser

monetary policy. "Look, I've an animated chart here," he added. "Damn, the system is running too slowly." Cheap money was traditionally good for equities, I acknowledged. but that didn't seem to have

been borne out in Japan this year. The Tokyo index had gone nowhere. Foreigners had piled in but by July were getting out again in frustration. They had lost on the yen, too, if they hadn't hedged. What had gone wrong?

> The French are desperate

"They call it the coffin-lid

on the stock market," said

and the Germans are not much healthier

Steve. "Right now they are cautiously digesting the JR West railway flotation. remembering how the JR East privatisation in 1993 ruined a previous market recovery. Japan is a country with mountainous debts but scarcely any equity. The supply is going to be massive. That isn't true in Germany, apart from the imminent Deutsche Telekom privatisation. And the scope for waking up managements and releasing shareholder value is vast." British investors are certainly putting large sums

Asia, which had been sluggish this year, with the Pacific Basin ex Japan Index no higher than at the end of January. "It's true, a lot of

emerging Asia is running into trouble," said Steve. 'I'm advising a serious downweighting. Several countries like Korea and Thailand have political or financial problems. I guess these are just growing pains but the export growth that has powered the region's expansion has slowed sharply and there are some nasty balance of trade deficits. I would steer clear for the next year or two."

Talking of trade deficits, I said, the widening of the US trade gap reported this week to \$11.7bn for July had highlighted the old problem of the need for the US to attract capital inflows. And it was interesting that US government spokesmen were laying off Japan and were beginning to attack Europe instead, for running deflationary policies and undermining global growth.

"Right now the money's still flowing," said Steve. "Japan's renewed economic weakness has confirmed that yen rates won't be rising from 1/2 per cent for a while yet. That perception has been a factor in the latest Dow surge towards 6,000. And German rates, as I say, are going lower.

"So the perpetual value creation machine continues to crank out higher Wall Street prices, although with declining momentum. Foreign money floods into US bonds, American investors are released to buy equities and the mutual

funds chase hot stocks and technology offerings higher and higher. But the strains are definitely showing. Ten-year US Treasury bond yields are up 110 basis points this year so far while German bunds are yielding only 15 basis points more and French, Italian and Japanese bond yields are all

though the dollar bonds could only be sold at higher and higher yields. But meanwhile the dividend rield on US equities had dropped to 2 per cent. At some point the tension between the equity and bond markets would surely ecome unbearable.

"You've got the picture," said Steve. "But when? That's exactly where my dynamic model of the yield ratio's displacement from the equilibrium level comes

He moved the cursor and keyed in a code, but the screen flashed crazily red, "Sonofabitch!" snapped

blue and yellow before blacking out. Steve. "It's crashed."

Thought for the day



Offshore managed funds and UK managed funds are listed in Section One

into continental stock

markets, I said. But they

also had a lot tied up in east

